



**DCA's submission on the
*Supporting Working Parents: Pregnancy
and Return to Work National Review 2013*
for the Australian Human Rights
Commission**

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1. Introduction

Diversity Council Australia (DCA) is delighted to support the Australian Human Rights Commission in its role in conducting the National Review on the prevalence, nature and consequences of discrimination in relation to pregnancy at work and return to work after parental leave.

The following submission reflects the views of our members, many of whom are provide leading practice initiatives aimed at preventing discrimination against pregnant women, employees returning to work after parental leave, and in promoting the equitable inclusion of mothers and fathers in the workplace.

This review is an important initiative to continue to progress equity for working women in Australia and to support mother and fathers in combining their employment with their responsibilities for newborn babies and young children.

DCA's submission focuses on:

- Case studies and leading practice strategies to assist with retaining and supporting employees who are pregnant or have taken parental leave;
- The challenges faced by employers in accommodating pregnant employees and men and women returning to work after parental leave; and
- The support needed by employers.

2. About DCA

DCA provides diversity advice and strategy to over 250 organisations, many of whom are Australia's biggest employers.

In partnership with our member organisations, our mission is to:

- Lead debate on diversity in the public arena;
- Develop and promote the latest diversity research, thinking and practice; and
- Deliver innovative diversity practice resources and services to enable our members to drive business improvement.

A priority area of DCA's work is to provide member organisations with resources, networks, skills and tools, which assist them to progress workplace gender equality strategies in their workplaces. This is done through a number of methods, including:

- Cutting edge research that directly impacts important areas to be measured as outcomes of the new Act, e.g. *Get Flexible!*, *Understanding the Economic Implications of the Pay Equity Gap in Australia*, *Older Women Matter*;
- Making information and leading practice case studies available through our website, regular *Diversity Matters updates* and thrice yearly *Diversity Matters* and *Research Matters* publications;
- A regular Gender Reporting Network to assist organisations in their preparations to meet reporting requirements on gender diversity and associated gender equity programs, and providing members with a direct interface to organisations such as the Workplace Gender Equality Agency and the ASX;
- Leading practice face-to-face and teleconference events on a variety of diversity topics;

- Advocacy through the voices of DCA staff, including Nareen Young, Chief Executive Officer (who was named by the Financial Review and Westpac Group as one of Australia's 100 Women of Influence and received the top honour in the diversity category, and was named one of the 'Twenty Most Influential Female Voices of 2012' by 'Daily Life'); and
- Advice and guidance from DCA staff, many of whom have extensive experience working in the gender diversity field and in organisations that implement gender regulatory instruments.

The following submission reflects the views of our members.

3. The current picture

Women still face

Making superannuation contributions on behalf of women employees taking PPL is an important step towards both addressing financial inequity experienced by women, and embedding the concept of PPL as a workplace entitlement like long service leave or sick leave (as opposed to a welfare payment).

DCA supports superannuation contributions being part of a national PPL scheme and simply processed with the normal SGC payments and welcomes the **Government's commitments to this measure**.

This measure makes an important contribution to ensuring that parents – especially women – are not disadvantaged by taking career breaks to care for young children. And as was pointed out by one of our members, “It also makes sense at a macroeconomic level in terms of ‘paying for’ the ageing population.”

The issue of employers' role in relation to superannuation payments for employees on unpaid parental leave is also important. Currently only a small number of employers make superannuation contributions on behalf of employees on unpaid parental leave. Among even leading practice employers, few make contributions with only 10% of DCA members making employer superannuation contributions to employees on unpaid parental leave. Payments were made over a range of time periods (from up to 12 weeks to up to 52 weeks) and for an average of 37 weeks.

4.4 Childcare

While workplace entitlements and protection from discrimination are critical to addressing workforce gender equity, clearly it is only one part of the answer.

DCA urges the Government to maintain a focus on expanding options for accessible, affordable and high quality childcare which offers mothers and their partners the ability to remain engaged in the paid workforce.

The availability of childcare is a critical issue for women (and men) returning to work following parental leave and is an issue frequently raised by employers as a major challenge.

Leading Practice: Superannuation

Westpac/NAB/CBA/Bankwest

In June 2010, Westpac introduced a new entitlement which pays its employees a 9% superannuation contribution on unpaid parental leave for up to 39 weeks. Westpac Group employees are also entitled to an additional 13 weeks' employer-provided PPL, with full superannuation payments, meaning employee superannuation contributions will now be paid for the full year of their parental leave.

Other banking and finance organisations have now introduced similar superannuation arrangements with CBA, NAB and Bankwest also introducing superannuation payments for employees on unpaid parental leave.

NAB employees receive up to 40 weeks of superannuation contributions on unpaid parental leave at a rate of 10%, in addition to the 12 weeks of paid leave and superannuation already provided to parents by the bank. NAB has reported increases in its return-to-work rate of employees on parental leave from 65% in 2006 to over 85%.

CBA and Bankwest both contribute their superannuation payment for the 40 weeks of unpaid parental leave, once an employee has returned from parental leave for a minimum of six months.

The ABS reports that nearly eight in ten women (79%) who started or returned to work used at least one type of informal childcare and four in ten (40%) used at least one type of formal care.¹⁶

However, it is important to note that caring for children remains a serious barrier to women's workforce participation. In 2013, more than 100,000 women want to work and would be available to start work within four weeks if suitable childcare arrangements were available.¹⁷

While Australia's labour force participation rate is higher than many OECD countries (11th out of 35), there are some groups, such as women aged 30–34 years (average childbearing age), for which Australia has a lower participation rate than many other countries (25th out of 35 OECD countries).¹⁸

For women not in the labour force with children aged under 13 years, 58% reported 'financial assistance with childcare costs' as a 'very important' incentive and 57% reported having 'access to childcare places' as 'very important'. In addition, 28% of women reported the 'ability to work school hours' as 'very important'.¹⁹

In addition to the availability of childcare, cost continues to be a significant issue facing parents returning to paid work. As noted in the Henry Tax Review²⁰, current arrangements to assist parents with the cost of childcare are complex for parents, providers and administrators.

DCA is pleased to note the Government's recent announcement of the Productivity Commission Inquiry into Childcare and Early Childhood Learning. While childcare, both for infants and school aged children, continues to be difficult to access and uneconomic for families, women will continue to leave the paid workforce, often to only return on an intermittent basis.

Leading Practice: Employer Provided Childcare

Stockland

The Treehouse is a Stockland built childcare centre managed by KU Children's Services located in their Sydney Head Office in the heart of Sydney CBD.

It is a fully equipped, state of the art childcare facility licensed for 56 children, and provides long day care for children from birth to school age. Limited occasional care is also available.

For employees outside Sydney CBD, Stockland also offers access to Work/Life links (service that assists in helping find care arrangements for dependants).

The Centre complements Stockland's suite of offerings for parents including parental leave to all permanent employees with at least six months' continuous service. Primary care givers can take 15 weeks' PPL (in addition to benefits available under the Government's scheme) and non-primary care givers may take ten days' paid leave from the date of birth or adoption of a child. This is also available to a non-primary care giver who subsequently assumes the responsibility of primary care giver.

Stockland's PPL policy, support with childcare, flexible working arrangements and leading edge parental transitions program, has resulted in a significant increase in parental leave return rates – to 92%.

¹⁶ ABS. (2012). *Pregnancy and Employment Transitions, Australia, Nov 2011*. Cat. No. 4913.0. ABS Canberra.

¹⁷ ABS. (2013). *Barriers and Incentives to Labour Force Participation, Australia, July 2012 to June 2013*. Cat. No. 6239.0. ABS Canberra.

¹⁸ ABS. (2013). *Barriers and Incentives to Labour Force Participation, Australia, July 2012 to June 2013*. Cat. No. 6239.0. ABS Canberra.

¹⁹ ABS. (2013). *Barriers and Incentives to Labour Force Participation, Australia, July 2012 to June 2013*. Cat. No. 6239.0. ABS Canberra.

²⁰ Henry, K., Harmer, J., Piggot, J., Ridout, H. & Smith, G. (2010). *Australia's Future Tax System Review: Report to the Treasurer*. Commonwealth of Australia, Canberra.

Employer provided and/or supported childcare is of enormous assistance to parents returning to paid work. However, there are still few employers in a position to offer such assistance. The current fringe benefits tax (FBT) exemption for childcare facilities provided on an employer's business premises²¹ for the benefit of employees limits the support that employers can provide to only to a narrow group of parents.

While employers can allow employees to salary sacrifice the cost of their childcare, or provide childcare as part of a remuneration package, the condition that the childcare facilities are provided on the employer's business premises for the benefit of employees constrains the utility of this assistance. The use of FBT exempt priority access payments (to obtain priority access to specific childcare facilities for children of employees) is more widespread, however, more could be done to assist employers to support the provision of childcare for their employees.

We note that the current Productivity Commission Inquiry is specifically considering the issue of the role and potential for employer provided childcare and looks forward to the outcomes of the Review about ways in which the Government might provide greater in support for employers in this area.

4.5 Return to work initiatives

While PPL in and of itself has been shown to encourage mothers to remain attached to the paid workforce after having children²², there are a range of additional workplace supports which encourage mothers (and fathers) to return to the paid workforce after parental leave.

These initiatives fall into two main groups – workplace flexibility initiatives designed to assist parents to manage childcare arrangements and better combine their paid work and caring responsibilities, and other, usually financial, incentives.

4.5.1 Workplace flexibility

DCA's recent research projects *Get Flexible: Mainstreaming Flexible Work in Australian Business* (2012) and *Men Get Flexible* (2012) showed that while many people have access to 'basic' flexible work options, meaningful flexible work and careers are still not common practice in Australian workplaces.

Leading Practice: Workplace Flexibility

Telstra

Telstra has announced it will become the first major Australian company to include flexibility provisions in all new advertised positions from March 2014. The provisions aim to encourage more women to apply and include the ability to work from home using mobile devices and a work day that aligns with school hours.

Telstra chief executive David Thodey, has said that the initiative is about creating an inclusive culture within the organisation in which both women and men can achieve their full potential -- without any barriers.

The *All Roles Flex* initiative is being rolled out following a three-month trial in Telstra's customer sales and service department from April to July 2013. During the trial, the number of women applying for flexible roles increased from 28% to 37% and female representation in the department rose from 28% to 32%. Of the applicants, 30% said they were attracted by the flexibility.

²¹ See Australian Tax Office, *Fringe Benefits Tax*. Accessed at: http://www.ato.gov.au/General/Fringe-benefits-tax/In-detail/Exemptions-and-concessions/FBT-exempt-benefits/?page=15#Recreational_facilities_child_care_facilities_residual_benefits.

²² For example, the Productivity Commission's 2008 Inquiry into Paid Parental Leave reported that controlling for factors like education, age and parity, women eligible for paid leave resumed employment around three times faster than other women in Sweden, and two times faster in Norway. Similarly in the United Kingdom, studies have found that for women with similar labour force attachment, maternity leave coverage increased the share of women returning to their previous job by between 16 and 19 percentage points. Accessed at: http://www.pc.gov.au/data/assets/pdf_file/0011/78491/parentalsupport.pdf.

This is despite mainstreaming flexible work and careers have been found to be a business imperative, capable of:

- Enabling businesses to be sustainable and adaptable to change;
- Providing a pathway to gender equality;
- Assisting with talent attraction and retention; and
- Improving workplace productivity.

While leading employers have provided a range of flexible work policies and options for many years now, flexibility is still not viewed as a valid and legitimate management tool and career choice in contemporary Australian workplaces. This represents an enormous missed opportunity for a more productive and sustainable workforce, and in particular for better harnessing the talents of Australian women.

DCA encourages the Government to ensure that an emphasis on workplace flexibility is maintained alongside PPL as an critical part of maintaining progress on workplace gender equity and supporting parents to remain in paid work.

Despite the 2010 changes to the National Employment Standards²³ which provide a legislated right to request flexible working arrangements for employees with pre-school aged children, and a right to request up to 24 months unpaid parental leave, it is clear that there remains a significant gap between the desire of employees with young children for flexibility, and their ability to achieve it.

For example, despite subsequent amendments to the FWA to extend the right to request flexibility to a broader group of employees²⁴ there remains no meaningful review of employer refusals to grant requests which might assist in changing the culture around flexible working.

In a recent survey of nearly 2900 working Australians²⁵ only three in ten employees were aware the right to request flexibility existed, with the number even lower among mothers of preschool children, the key target group. And use of the entitlement is not increasing over time with the survey showing that in 2009, before the right was introduced, 22.4% of respondents asked for flexible work over the previous year, but in 2012 only 20.6% of those surveyed had made a request.

²³ Under S65 of the Fair Work Act.

²⁴ From 1 July 2013. See <http://www.fairwork.gov.au/media-centre/enewsletter/fwo-enewsletter-issue-11/pages/reminder-changes-to-flexible-work-arrangements-you-should-know-about.aspx>.

²⁵ Skinner, N., Hutchinson, C. & Pocock, B. (2012). *The Big Squeeze: Work, Life and Care in 2012 - The Australian Work and Life Index*. The Centre for Work + Life, University of South Australia, Adelaide.

Leading Practice: Workplace Flexibility

Allens

Allens' brand for flexibility is *Managing the Transition* – acknowledging that individuals will have different needs for flexibility at different life stages. In 2012, 18% of its workforce was working flexibly on an ongoing basis, with between 75% and 85% accessing ad hoc flexibility.

Since 2008, a variety of initiatives have been introduced including:

- A flexibility intranet site featuring video case studies of partners and employees, talking about their flexibility experiences
- Access to a range of flexibility tools, references, articles and flexibility contacts
- Encouraging parental leave buddies
- Conducting transition networking lunches
- A comprehensive range of flexibility policies
- Managing the Transition kits to support employees to better manage parental leave (and eldercare, mental illness, career transition and retirement)
- Pre- and post-parental coaching leave sessions offered to all employees with primary carer responsibilities.

Allens' return rate from parental leave is now 93%, representing an increase from 80% in 2008.

This is despite an ever increasing body of evidence demonstrating the benefits of flexible working to business. For example:

- Health and aged care provider, Mercy Health, has seen its employee retention rate rise to 98%, from around 88% six years ago, through the introduction of a number flexible workplace initiatives including a Parents' Network and Mercy Bank Program.
- St George Bank (part of the Westpac Group) has introduced a range of innovative policies to support employees to balance work and family responsibilities which have saw a reduction in staff turnover from 18% in 2001 to 15% in 2007, reductions in absenteeism and dramatic increases in staff satisfaction with surveys showing increases in staff satisfaction from 48% in 2002 to 78% in 2006. These policies included ground-breaking 12 months' unpaid leave for grandparents; the opportunity to work for four years and take the fifth year off with pay; flexible PPL parental leave; flexible parental leave in two six month blocks; paid career break opportunities and paid volunteer leave.
- The Walter Construction Group introduced a five day working week from six days. This resulted in a 15% increase in productivity and 30-60% less sick leave, with 90% of staff preferring the arrangement.
- SC Johnson has an HR strategy to create a brand for themselves as an Employer of Choice – SC Johnson's global human resources strategy is 'Best People – Best Place'. A key focus is work/life balance programs, including nine weeks' PPL with flexible pay options (e.g. motor vehicle and superannuation payments). They now have a 100% return to work rate.
- Australian unit of Autoliv had 2002 sales of \$260 million to customers such as local car makers. The cost of flexible work hours is \$100,000-a-year. Flexibility provisions for those with family commitments include assisting family members get to appointments or school interviews and an early finish on Fridays to allow families to shop and organise for the weekend. It has reduced staff turnover to under 2% and saves the company about \$3.6 million a year.
- The 2007 Managing Work-Life Balance Survey of Australian employers found that best practice organisations reported significant business benefits of work-life initiatives including a reduction in staff turnover of 15%, a reduction in staff absenteeism of 16%, a positive impact on productivity and an increase in the parental leave return rate of 40%.

In spite of these benefits, evidence suggests that many other Australian businesses remain reluctant to employ mothers returning to the workforce, citing managing flexible working arrangements as the major barrier. One recent study²⁶ found just 54% of employers were willing to provide flexible work arrangements, with half the employers surveyed stating that flexibility is too disruptive to the working environment.

Clearly, more needs to be done to support the cultural shift in Australian industry necessary to mainstream flexibility to the benefit of Australian parents.

²⁶ Kronos. (2013). *The Hidden Workforce*. Accessed at: <http://www.kronos.com.au/pr/employers-missing-opportunity-to-leverage-australias-hidden-workforce.aspx>.

4.5.2 Other return to work incentives

In addition to offering workplace flexibility to new parents, a number of leading employers have begun offering financial and other incentives to encourage mothers to return to the workplace following parental leave.

For example, ANZ provides a comprehensive suite of support to new parents including a PPL scheme of 12 weeks at full pay with no qualifying period and paying 9% superannuation during both the Government-funded 18 week PPL scheme and ANZ's own PPL scheme.

In addition, ANZ also provides financial assistance to parents to assist with the return to work through a \$4,000 childcare allowance, inclusive of super and tax, to eligible primary caregivers to assist with transitional childcare costs upon return to work. These entitlements complement ANZ's existing work and family provisions that include flexible working arrangements such as flexible hours, part-time work and job sharing, and breaks from work including lifestyle leave.

4.6 Community education

While workplace entitlements and Government policies are critical, broader cultural and social attitudes are equally important.

DCA particularly encourages the Government to continue to support policies and programs which aim to better support genuine shared responsibility for parenting, care and other domestic responsibilities between men and women.

We note, and are pleased to support, the current work in this area by the Workplace Gender Equity Agency.

DCA also supports Government funded initiatives which encourage workplaces to provide greater support for breastfeeding mothers as ways of encouraging women to return from parental leave.

The ABS statistics indicate that more than half (57%) of those Australian women who return to (or begin) paid work when their child is two or under, return before their baby is aged six months.²⁷ As a consequence, workplace support is crucial if Australia is to reach National Health and Medical Research Council recommendations of exclusive breastfeeding for the first six months and World Health Organization recommendations for breastfeeding to continue for two years or beyond.

Many DCA members have sought accreditation as Breastfeeding Friendly Workplaces with the Australian Breastfeeding Association, and understand the benefits of enabling mothers to continue to breastfeed while returning to paid work.

Leading Practice: Financial Support for Return to Work

Insurance Australia Group: IAG

Beginning in April 2013, IAG introduced new entitlements which pay all new mothers double wages for their first six weeks back at work as part of a 20-week paid maternity leave package. The company, which owns CGU and NRMA Insurance, has offered the package to all eligible employees of its 10,000-strong workforce from April 2013.

Women applying for maternity leave at IAG will receive 14 weeks' paid leave, which was formerly the standard offering, and now an additional six weeks' worth of double pay upon their return to work. Notably, when combined with the Government's 18 weeks' PPL, women working at the insurer will effectively get almost a year's wages while off work caring for children.

²⁷ ABS. (2102). *Pregnancy and Employment Transitions, Australia, Nov 2011*. Cat. No. 4913.0. ABS, Canberra.

5. Conclusion

DCA is strongly supportive of this Review as a way of highlighting the innovative practices already being undertaken by leading employers to retain and support pregnant women and employees taking parental leave.

Given Australia's ageing workforce, tight labour market and relatively low rates of workforce participation for women of child-bearing age, retaining women in the workforce has never been more important.

As The Grattan Institute has noted²⁸, increasing the labour market participation of women, particularly mothers, in Australia offers one of the two greatest opportunities to increase our nation's productivity. Childbirth and childcare have an enormous impact on female workforce participation: the vast majority of women who do not participate in paid work, or who work part-time, have children. The Institute emphasises that female workforce participation can only change significantly if more mothers have jobs.

DCA encourages the Australian Government to continue to focus on policies and programs which support businesses and assist pregnant women and parents to maintain their workforce attachment, to enable them to contribute to the best of their capacity to our nation's workplaces.

²⁸ Daley, J., McGannon, C. & Ginnivan, L. (2012) *Game-Changers: Economic Reform Priorities for Australia*. Grattan Institute, Melbourne.