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ANMF (Vic Branch) Submission to the Community Affairs Legislation Committee

Revised scheme for Paid Parental Leave

13 December 2016

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Community Affairs Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600
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Dear Senators

Revised Scheme for Paid Parental Leave

The Australian Nursing and Midwifery Federation (Victorian Branch) writes regarding the proposed changes to the Commonwealth Paid Parental Leave (CPPLS). We are seeking your support to oppose the Fairer Paid Parental Leave Bill 2016 in the Senate. Please regard this letter a submission to your current Inquiry.

The ANMF (Vic Branch) is the professional and industrial organisation representing more than 76,000 nurses, midwives and assistants in nursing/personal care assistants across Victoria. Our membership includes more than 70 per cent of all registered nurses and midwives in Victoria. Our national union, the ANMF, has more than 240,000 members. Our members are employed in a wide range of health, community and aged care services, ranging from large metropolitan tertiary, public and private secondary hospitals to rural and remote facilities.

Further, of the 2015 national nursing and midwifery workforce of 307,104 almost half or 148,322 are younger than 44 years (see AIHW 2015 Nursing and Midwifery Workforce data at www.aihw.gov.au). The standard across the Victorian public sector and private acute hospitals is 10 weeks at ordinary pay. Over 50 per cent of all nurses are at the top of the clinical nurse structure, which in Victoria is Grade 2 Year 10.

Currently Victorian public and private acute sector nurses and midwives can access both their employer-funded and Commonwealth scheme, giving them the opportunity to be paid for up to the 28 weeks (10 weeks of employer funded-leave and the 18 weeks of CPPLS). Whilst 18 weeks of this is paid at the minimum wage of \$672 per week, our members' lives are built around financial commitments relying on significantly higher weekly income, which is why their 10 weeks of employer funded leave achieved through enterprise bargaining is so critical.

In August 2013, the Coalition released its policy for Paid Parental Leave with a promise that it would deliver a genuine scheme to give mothers six-months leave based on their actual wage.

The purpose of this proposal was to enable women to take time out of the workforce to establish a family while reducing financial pressures. As a proposal it reflected the usual international recommendations that the minimum time a primary carer (usually the mother) should stay with a new baby is at least 26 weeks. It was in line with the Work Health Organisation (WHO) recommendation that "Exclusive breastfeeding is recommended up to 6 months of age, with continued breastfeeding along with appropriate complementary foods up to two years of age or beyond". In relation to parental leave schemes it is generally accepted that they:

- i. enhance the health of babies and mothers, and the development of children, by enabling working mothers to spend longer at home with their newborn children
 - ii. facilitate women's labour force participation
 - iii. encourage gender equity and improve the balance of family and work life in Australian families.
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The 2015 proposal to wind back the entitlement for the majority of Victoria's nurses and midwives was based on budget desperation rather than good public policy. The Coalition indicated that an employee could not receive more, through either the Commonwealth PPLS or employer-funded paid parental leave, than the dollar value of the CPPLS (around \$11,600 at that time). This would have cost most nurses and midwives the full CPPLS amount – now \$12096 (18 weeks x the minimum wage of \$672). For most nurses and midwives this would have meant that in their usual 52 weeks of unpaid maternity leave they would have had their income from both sources reduced from \$26,416 to just \$14,320 – a reduction of around 46%. Clearly, this would have forced many nurses and midwives back to work well before even six months had elapsed, let alone the full period of unpaid leave.

Given the strong opposition to that proposal (see the attached ANMF submissions to the 2015 parliamentary inquiry) and the composition of the then Senate, the Coalition reconsidered their position. Post the 2016 election we now have a new proposal from the Turnbull Government. Instead of the cap being based on a dollar amount, the Fairer Paid Parental Leave Bill 2016 prescribes a cap of 18 weeks of paid parental leave, whether CPPLS and/or employer funded.

We remain implacably opposed to this revised proposal. While the 2016 Bill reduces the potential loss to nurses, it would still mean a loss of approximately \$6,720 for most nurses (based on a Grade 2 Year 10 Registered Nurse). This equates to 20 per cent of their anticipated income for the usual parental leave period.

This calculation is arrived at by subtracting the amount derived from the proposal (maximum of 18 weeks = 10 weeks employer + 8 weeks CPPLS) from what most Victorian nurses and midwives currently receive (28 weeks = 10 weeks employer + 18 weeks CPPLS). The figure is based on the weekly Grade 2 Year 10 weekly ordinary rate of \$1432 (from 1/4/16) and the minimum national wage of \$672.

We understand there are some potential 'deals' in the air, including one which would expand the current CPPLS and the 'cap' to 20 weeks. While this would benefit a number of employees without employer funded parental leave, it would only marginally reduce the loss for Victorian nurses and midwives and other workers who rely on a mix of the CPPLS and employer funded leave to survive over the parental leave period. Even if the cap was extended to 20 weeks a registered nurse Grade 2 Year 10 would still have a loss of \$5376.

For these and other reasons we believe you should oppose the "Fairer" Paid Parental leave Bill 2016 in any form and ensure that this Bill proceeds to Committee so that the views of all stakeholders, including nurses and midwives, can be ventilated and assessed. While the previous 2015 Bill went to Committee, the 2016 Bill is significantly different and should also be subject to proper parliamentary scrutiny.

The main reasons for us urging you to oppose the Bill completely are that:

1. The "Fairer" Paid Parental leave Bill 2016 will still result in a significant loss for Victoria's nurses and midwives and other low and middle income workers
2. The CPPLS was, from its inception, acknowledged to be less than the recommended 26 weeks, but the Gillard Government acknowledged that workers and unions were able to bargain for supplementary leave to make paid leave up to the 26 weeks
3. Nurses and midwives in Victoria purchased their employer bargained paid parental leave by accepting lower wages during bargaining. When a significant benefit like improved paid parental leave is part of a bargaining outcome, particularly in our case where almost 90 per cent of our workforce is female, it comes from the total pool available for wages
4. The impact will be to force many thousands of mothers to return to work more quickly than they otherwise would, thus putting pressure on the mother-child bonding process and family and marital relationships
5. It strikes against recent advances such as the pursuit of gender equality, improving the role and participation of women in the workforce and the valuing the role of the family in our society.
6. It may discourage women from having children or certainly make them think about having more children. A lower low birth rate is not good for our future economy or society, especially with an ageing population. We are already wondering where the workforce and taxpayers of the future will come from to support an ageing population and build our nation. We think the government should reconsider imposing such a disincentive to having children. Like the former baby bonus, the Commonwealth PPLS and bargained parental leave are incentives and supports which encourage families to have children and boost or at least maintain the birth rate. This proposal, which will be a financial disincentive to have children, may well have the opposite effect.

In addition, it is clear that this not a 'reform' designed to implement good public policy. Good public policy is that women should have 26 weeks of supported leave to bond with their child in an environment free from financial stress. It is bad public policy to reduce the support that they currently have, especially when what the Commonwealth provides does not currently meet recommended international standards.

This Bill is neither 'fair' nor a 'reform'. It is simply an unfair element of a budget repair exercise. There are many fairer means of repairing the budget, either by introducing new taxes or removing tax subsidies from those who can otherwise afford them and where they are not good public policy. The 2010 Henry Tax Review and a range of other inquiries have highlighted where such savings can be made as well as the areas where new revenue measures can be introduced.

We therefore urge the Committee to recommend that the proposed Bill not be supported in the Senate. This will ensure that every family can continue to afford the best possible start in life for their newest family member.

We look forward to your consideration of our views.

Yours sincerely

A handwritten signature in black ink that reads "Lisa Fitzpatrick". The signature is written in a cursive, flowing style.

Lisa Fitzpatrick
ANMF (Vic Branch) Secretary

Attachment: [Australian Nursing & Midwifery Federation 2015 Submission to the Senate Community Affairs Legislation Committee Inquiry into the Fairer Paid Parental Leave Amendment Bill 2015](#)