



# factsheet

## Paid maternity leave

The EOWA website offers practical tools and resources to assist employers to advance both women and their business. This factsheet provides a summary of the information available on paid maternity leave.

### Parental leave entitlements

Federal workplace relations legislation entitles parents to a total of 52 weeks unpaid leave on a shared basis to care for their newborn or newly adopted child. An employee who takes parental leave is usually entitled to return to the position held before the leave was taken.

Following the August 2005 decision of the AIRC, award workers have the right to request simultaneous unpaid parental leave up to eight weeks, unpaid parental leave up to 104 weeks and to return to work on a part-time basis until the child reaches school age.

### Paid maternity leave

Paid maternity leave comprises payments to an employee in place of their regular salary or wages following the birth or adoption of a child, and is usually offered for a specified number of weeks. Unlike legislated parental leave, paid maternity leave is not currently a legislative requirement for private-sector employers in Australia.

Paid maternity leave may be provided in the form of paid parental leave or primary-carer leave to make the provision available to primary carers of either gender.

### Paid paternity leave

Many employers also provide paid paternity leave, available to male employees on the birth or adoption of a child. This is most commonly offered for a shorter duration than paid maternity leave. Where organisations have a paid parental or primary carer leave policy, male employees are able access the full duration of paid leave offered to women if they are the primary carer.

### Payment structure

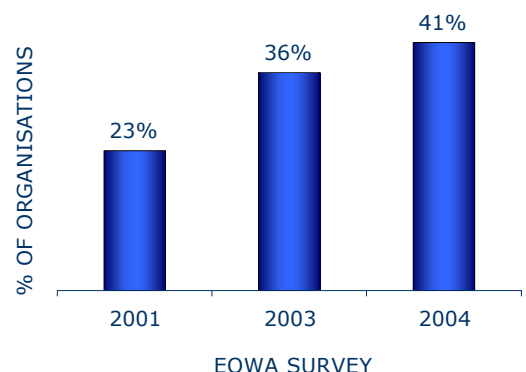
Paid maternity leave is usually offered as a series of payments in place of regular salary or wage payments. Some employers however provide it in one or more lump payments, with the final payment occasionally linked to a minimum return-to-work period.

Some employers also allow employees to take their entitlement at half-pay for double the duration of the policy. By thus reducing the tax component of the benefit, the employee effectively accesses a larger net payment.

### Paid maternity leave in Australia

In Australian private-sector organisations with 100 or more employees, EOWA survey data indicates that increasing numbers of employers are electing to provide paid maternity leave.

EOWA reporting organisations providing paid maternity leave in 2001, 2003 & 2004



The proportion of EOWA reporting organisations providing paid maternity leave



has increased from 23% in 2001 to 41% in 2004.

The 2003 survey found that industries with the highest incidence of paid maternity leave by private-sector employers included Education (71%), Communications (58%) Finance & insurance (45%) and Health & community services (43%), and industries with the lowest incidence of paid maternity leave included Accommodation, cafes & restaurants (6%), the Retail trade (17%) and Construction (19%).

ABS survey data indicates that in 2002, 30% of female employees were entitled to paid maternity leave and 19% of male employees were entitled to paid paternity leave.

The ABS 2000 SEAS Survey found that occupations with the highest incidence of paid maternity leave were Managers & administrators (65%) and Professionals (54%). Occupations with the lowest incidence of paid maternity leave were Elementary clerical, sales and service workers (18%) and Labourers and related workers (21%). The survey also found that the longer the time worked in a job, the greater likelihood of a paid maternity leave entitlement (ranging from 24% of employees in their job for less than 12 months to 55% of employees in their job for more than 10 years).

### **Duration**

Paid maternity leave is normally offered for a specified number of weeks once the employee has commenced maternity leave.

The 2004 EOWA survey data indicates that the most common duration for paid maternity leave offered was 6 weeks, followed by 12 weeks.

### **Paid maternity leave as a staff retention strategy**

A growing number of organisations are introducing paid maternity leave as a cost-effective means of retaining valued staff.

The 2003 EOWA survey found that organisations with paid maternity leave had a higher average retention rate (67%) than organisations without paid maternity (56%).

Paid maternity leave is one of a suite of initiatives that may assist women to return to work after maternity leave. Other initiatives include:

- A Keep in Touch program for women while on maternity leave
- Return to work assistance, for example in updating skills or providing re-training or part-time work options
- Inclusion in the annual pay review process while on leave
- Extended unpaid maternity leave beyond the legislated one year
- A childcare subsidy, or assistance with finding childcare

### **Paid maternity leave as a health and well-being policy**

The health and wellbeing of new mothers and babies is one of the reasons many employers are choosing to provide paid maternity leave. It enables women to spend the first weeks of a child's life recovering from the birth and nurturing the baby. For this reason, the International Labour Organisation has recommended 14 weeks leave and the World Health Organization has recommended 16 weeks leave.

### **Benefits of Providing Paid Maternity Leave**

- NRMA was able to increase their parental leave return from 32% to 85%
- Westpac introduced paid maternity leave and lifted their return to work rate by 30%, which saved the company \$6 million
- AMP was able to increase the number of women returning from maternity leave from 50% in 1992 to 90% in 1997, which saved the company between \$50,000 and \$150,000 for each woman who returned

Some of the many organisations offering paid maternity leave include:

Autoliv Australia, Lend Lease Property Management, AMP, Ford Australia, General Motors Holden, George Patterson Bates, IBM, St Vincent's Hospital Launceston, Lend Lease, McDonalds, National Australia Bank, News Corp, Optus, Pacific Power, Rothmans, Stafford Manufacturing, Sydney Electricity, and Westpac.

### **More information**

For more information on paid maternity leave, see EOWA's online collection of Employment Matter resources at:

[http://www.eowa.gov.au/Developing\\_a\\_Workplace\\_Program/Employment\\_Matter\\_Resources/em\\_5\\_resources.asp#ParentalLeave](http://www.eowa.gov.au/Developing_a_Workplace_Program/Employment_Matter_Resources/em_5_resources.asp#ParentalLeave)