3. The Business Case For Paid Maternity Leave
In The Finance Sector

Large employers in the finance sector have publicly expressed their support for paid maternity leave. These companies clearly have capacity to fund a paid entitlement and are proud of their reputation as “family friendly” employers. Their experiences are useful in supporting arguments for a statutory scheme for paid maternity leave.

Retention:

The major banks have data on retention of staff – women who return from work after a period of maternity leave. However, two issues need to be considered when speculating on these figures. Firstly, some of the banks have not fully analysed the reasons why women are motivated to return to work and therefore why retention has increased. Secondly, in most cases, paid maternity leave was introduced around the same time as the range of other work/life provisions were negotiated in enterprise agreements – it is therefore difficult to isolate the effects of paid maternity leave.

Some available figures on retention are¹:

**ANZ Bank:** ANZ introduced a 6 week “maternity assistance payment” in the 1996 Enterprise Agreement with FSU. The formal mechanism for distributing this payment was negotiated after the Agreement was certified, and formalised in a 1997 Enterprise Agreement. Staff receive a 3 week payment when they take leave, and 3 weeks upon return, following 10 weeks continuous service. A range of work/family provisions have also been negotiated since 1996, include provision for breastfeeding mothers, career break options and elder care leave.

At the end of 2001, ANZ had an 87% return to work rate.

**National Australia Bank:** FSU also achieved a 6 week maternity payment for NAB employees in 1996, and the 1997 EBA sets out the structure for payment – 3 weeks upon taking leave and 3 weeks upon return to work. NAB provides the range of work/family provisions common to the industry (see Appendix 1), as well as child care subsidies to encourage return to work.

The last retention rate figures available indicated a correlation between introducing the maternity leave payment and return to work incentive. In June 1997, the retention rate was 54%. By August of the following year, 100% of employees taking maternity leave returned to work.

FSU does not have access to any analysis or costings undertaken by NAB to support the business case for paid maternity leave. However, an Equal Opportunity for Women in the Workplace Media Release in April quoted the bank as stating that:

¹ In the examples below, maternity/paternity leave provisions were negotiated with the Finance Sector Union through enterprise bargaining. The exceptions are Commonwealth Bank (where a statutory 12 week period was introduced in 1973), and the Suncorp Metway Enterprise Agreement, which is a non-union agreement.
“While (paid maternity leave) is a substantial investment in our people, we have done sufficient cost-analysis to know that we reap the dividends in terms of employee productivity, job satisfaction and retention”.

Westpac/Bank of Melbourne: 6 weeks paid maternity leave was introduced to Westpac in 1995, paid adoption leave in 1997 and paternity leave in 1998. Each of these was formalised in the 1998 Enterprise Agreement. So far, Westpac is only one of two of the “big 4” banks which pays parental leave up front, at the time of taking leave. (The other, the Commonwealth Bank has had 12 weeks paid maternity leave in place for nearly 30 years).

Following the introduction of paid parental leave in 1998, Westpac’s return to work figures rose significantly in the 3 years to 2001 from 52% to 94.5%. Along with the other banks, Westpac was also introducing other work/family provisions at this time, and it is therefore difficult to isolate the effects of paid parental leave on retention. Nevertheless, the fact that Westpac’s retention rate rose significantly and is as high and in some cases, higher than the other banks, suggests that the policy of paying for leave upon return to work is no more incentive to return than if the leave is paid up front.

Ann Sherry, Chief Executive Officer of the Bank of Melbourne has publicly voiced her support for paid maternity leave and dismay at the number of big businesses who still don’t support paid leave.

Ms. Sherry has stated that analysis at Westpac/Bank of Melbourne “demonstrates that the business cost of attrition and rehiring far outweigh the cost of maternity benefits”. (“The Age”, 8/3/02).

Commonwealth Bank: Until 1991, the Commonwealth Bank was Government owned. Employees therefore enjoyed many of the enhanced conditions common to government employees, including 12 weeks paid maternity leave which was introduced in the Australian Public Service Maternity Leave (Australian Government Employees) Act, 1973.

It is now sobering to think that such provisions were available nearly 30 years ago, when the majority of other employees across industries do not yet have 12 weeks paid leave. It is also astounding when we think that just 6 years earlier, in 1967, the banks abolished the rule that married women had to resign from the employment of any bank!

The current retention rate at Commonwealth Bank is 85%. Of these women returning to work, around 15% return part-time, including to job share and some 17-18% opt to extend their time away from work by taking career break. In a recent telephone interview, the Manager, Equal Employment Opportunity and Fair Treatment at Commonwealth Bank stressed the importance of a range of work/family provisions in attracting high retention and return to work from maternity leave. In particular, providing flexibility upon return from leave has had an impact at the Bank. Prior to

\[2 “1 in 4 Employers Recognise Working Mothers”, Helen Ormond, Head of Organisational Capability, NAB, in Media Release, EOWA, April 2002.\]
1990 when career-break and job share options were introduced, the return from maternity leave rate at Commonwealth Bank was just 55%.

AMP has a range of flexible work practices and return to work options, many of which were introduced in the early 90s. AMP introduced paid parental leave of 6 weeks in 1995 for the “primary carer” of a newborn child – the first finance sector employer to introduce paid leave for eligible fathers. In 1992, the return to work rate at AMP was 52%. This rose to 90% in 1997.

At BankWest in Western Australia, women receive 6 weeks pay for maternity leave after they return to work, and must work a further 6 months to retain the payment. This entitlement was introduced in 1998. In 1995, just 25% of women returned from maternity leave. By 2001, this figure had risen to 91% - perhaps not surprisingly given that the payment is only available post-leave. In current negotiations for a new enterprise agreement, the Bank have agreed to change the configuration of paid leave to 3 weeks up-front and 3 weeks on return to work.