

**The Work/Life Association Inc.**



**Submission to the Productivity Commission's Inquiry into Paid  
Maternity, Paternity and Parental Leave**

**Wednesday May 14, 2008**

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## **Executive Summary**

A number of key issues were identified by Work/Life Association members as important factors that need to be considered in the public debate about paid maternity, paternity and parental leave. These included.

- Health and well-being of mothers and babies
- Include fathers in the discussion
- Talent Management /Women in the workforce
- Financial Security
- Universal Government funded model
- Australia's Reputation

The Work/Life Association recognises that discussions about paid maternity, paternity and parental leave are particularly complex and contentious areas of public policy. The Work/Life Association's takes the position that paid maternity, paternity and parental leave are important measures for addressing not only the demographic changes and challenges Australia is facing but also can provide health protection for working mothers and babies, equal employment opportunities, and gender equality within families. It is essential that Australia develops a paid parental policy leave policy that is relevant not only to parents and children but also to employers, co-workers, and the wider society.

# **Productivity Commission's Inquiry into Paid Maternity, Paternity and Parental Leave**

This submission discusses and advocates the requirement for a universal, regulatory approach to paid parental leave in the context of the achievement of work/life balance for Australian workers.

The observations and experiences in this document draw upon the considerable experience of the Work/Life Association and its network of members in relation to work/life and work/family balance issues.

## **1. What is the Work/Life Association?**

The Work/Life Association is the premier, not for profit association in Australia dedicated to assisting the business community create and maximise options to help their workers harmonize work and life commitments. We have a membership base of 700 people who regularly receive our emails. The Association provides a forum for discussion and information about a range of work/life issues and has facilitated bi-monthly roundtables, conferences, and a number of key events over many years. The Association is represented on the Victorian State Government's Working Families Council.

The Association's primary objective is to promote learning through regular presentations, roundtable discussions and provision of information on a website. As academics, practitioners and managers specialising in work/life balance we are in a unique position to offer perspectives on managing work and life issues, of which paid parental leave is very important one.

## **2. Why we are making this submission**

Making such a submission is in line with the Work/Life Association's aim of encouraging informed discussion and awareness of the importance of improving work/life balance for Victorian working men and women. Our statement of values includes:

1. Individuals have the right to a life where they can successfully integrate their responsibilities to paid employment and their families
2. Care for children and other dependents (e.g. elderly parents) should be valued
3. Identify work practices that support people's personal lives and workplace effectiveness

## **3. How we arrived at the position expressed in this submission**

Throughout the last decade, the Work/Life Association has regularly promoted discussion of maternity leave, parental leave and other related issues, such as family friendly work arrangements, strategies to assist the balancing of care and work responsibilities, and child care provision.

In 2002, the Work/Life Association facilitated a debate entitled **Parental Leave – Can we bear the Pain?** The purpose of the debate was to stimulate informed discussion about the pros and cons of introducing a national paid maternity scheme. The debate was held at the Melbourne Town Hall and over 70 people attended from a range of private and public sector organisations.

We have continued to visit the debate over the last six years and part of the development of this submission called for responses on this issue and these have informed our development of our current submission.

#### **4. Our submission**

The Work/Life Association is of the view that the foundation of good employer work/life programs is strong relevant public policy initiatives, accessible community services, and robust debate and research on areas relevant to the work/life juggle. The issue of paid parental leave relates to the dual agenda of meeting organisational needs and ensuring the identification and removal of systemic barriers to men and women in achieving positive work/life/family balance.

*This submission advocates a universal, regulatory approach to paid parental leave in the context of the achievement of work/life balance for Australian workers.*

The Work/Life Association's view is that paid *parental* leave will assist men and women and their families make choices about how they will care for their children and allow for sharing of family responsibilities which will inevitably have a positive impact on gender equity in the workplace.

While Australia's unpaid maternity leave is reasonably generous, existing paid maternity leave benefits are limited and fall below what can be considered a national and international standard. Currently only one third of Australian women have access to paid maternity leave and most of these women will receive less than 12 weeks paid leave. It is more likely to be available to professional, middle class women and not to lesser-educated, working class women in industries employing predominantly women.

Similarly, the issue of fathers bonding with their new-born babies and sharing responsibilities for the distribution of domestic responsibilities is seen to be an important dimension of successful work/family balance.

A national parental leave policy has the potential to ensure availability of access to leave to women and men in the Australian workforce in a range of occupational categories. In Australia the only way to ensure national coverage and uniform entitlements is for the Commonwealth to legislate.

Australia is at point where it is imperative that we adopt a universal paid parental leave scheme. **It is time** for Australia to come in line with the rest of the world and provide working women with paid maternity leave, working fathers with paid parental leave, and working parents with paid parental leave.

The funding model for such a scheme needs to protect vulnerable employers and tax payer interests and not encourage discrimination in employing women.

Australia's total fertility rate is currently below replacement rate and raises serious concerns for the workforce 30 years from now. Paid maternity will not redress this problem entirely. In a family friendly society paid maternity leave is just one measure needed. We also need affordable and quality childcare, access to flexible work arrangements and part-time work and protection from discrimination faced by parents as a result of their family responsibilities.

## **5. The time is right**

This issue has been subject to debate for years of in Australia – a country which would appear to represent itself as a family friendly nation. The Government has a role in coordinating the social, community and business case for developing working places that are conducive to employees balancing their work and family life

The issue of a paid parental leave scheme has been on the agenda and part of informed debate in a number of the Work/Life Association discussion forums over the last decade. During this time there has been a considerable change in attitudes as exemplified by the broad and diverse support for a paid maternity leave scheme by the Business Council of Australia, AIG and ACTU – stakeholders who often have different views on a range of workplace issues.

There is now broad recognition from many parts of the Australian community that society and business need to acknowledge that many families are dual income, financial arrangements are often precarious, business and community concerns about issues of health and welfare of the mother and child, and talent and skills shortages.

The issues regarding return to work are of concern to our organisation. Whilst recognising the need for some predictability regarding returning to work and meeting employer needs, we also believe in supporting mothers who wish to spend longer periods of time out of the paid workforce to care for their children. We also believe that many Australian women want access to part-time and flexible work options to assist combining work and family care.

The objectives of a paid parental scheme need to be clearly articulated. The objectives should be realistically achievable through such a scheme. In our view the main objectives are:

- health and well-being of mothers and babies, through access to restorative leave after childbirth and reduction of financial stress;
- enable fathers/partners to bond with their new-born babies and share responsibilities for the distribution of domestic responsibilities;
- social equity for women, including addressing systemic discrimination, fairness (especially with respect to current inequities in relation to access to paid maternity leave, currently available to about a quarter of working women);

- supporting women's choices, ensuring that women are not disadvantaged in their employment through their intrinsic role in child bearing, and developing socially responsive Australian workplace;
- benefit to employers by facilitating staff retention, contributing to diversity in the workplace and contributing to Australia's competitiveness, and through protecting significant capital investment by the government in the education and training.

## **6. Network members' perspectives**

We sent out a call to our email network encouraging members to contribute their personal views /experiences, organisational data, or insights into organisational perspectives or intentions on this issue which would inform the development of a submission. The discussion below summarises the tenor of the responses we received from a broad range of our members. We have also included direct quotes to give an additional sense of the feelings, passion and richness of our member views and submissions.

### **6.1. Health and well-being of mothers and babies**

A consistent theme that came through many of the responses was related to both maternal and baby health and well being.

*"Consistent and close contact between mother and baby in early weeks is important for a range of health outcomes".*

*"As for paid maternity leave, I believe that to properly support families through this period of adjustment, that the leave should be for six months. This will give mothers the option to stay at home, and importantly for mothers to have the best chance to maintain breastfeeding up to the age where the baby can start to eat solids".*

*"Children are better off if their parents are happier in their own lives, pursuing the direction they wish, and without any undue financial pressure".*

*"The National Health and Medical Research Council of Australia and the World Health Organisation recommend exclusive breastfeeding for the first 6 months of life for optimal health outcomes. So it's important to provide financial support to mothers in order that they have a better chance of establishing and continuing breastfeeding".*

*"Women used to have to leave work 6 weeks prior to the due date of their baby this used to be for health reasons. I see so many women now who work almost right up to the birth of the baby and then go into that period of time before the birth still tired from work. The problem is they think they can do that for their subsequent births and they get worn out and often sick.*

*I would like to see a minimum of 4 weeks women are required to leave work and rest and prepare for the birth, I think women should have a minimum of 12 weeks paid mat leave which can be topped up to their actual pay rate by their employer and can be taken as half pay at double the time.*

*This then combined with any annual leave also to be taken as half pay double the time would mean that is a women has 4 weeks annual leave when they leave they would be able to take 32 weeks leave at half pay . Not bad as a start (more than 6 months). Talking it at half pay gives them often a tax advantage and helps with budgeting. It also takes some pressure from husbands to return to work because of mounting pressure of bills”.*

## **6.2. Include Fathers in the Discussion**

Another theme that came through strongly in the responses that we received was that fathers should not be forgotten in the debate. Some responses argued that consideration should be given to national scheme for paid parental leave such as the scheme introduced in New Zealand in 2002, others stressed the importance of encouraging paternity leave.

*“Men are excluded from building relationships with their babies because of the necessity to undertake paid work - (according to time use studies men tend to work longer hours when a baby arrives in the household)”.*

*“I would speak highly of paternity leave as a great way of building strong families (and thus the communities they comprise). Having a child is a stressful time full of change, especially so for many dads who can be somewhat reluctant of this commitment! The ability for both parents to have a few weeks at home together to bond with each other and the baby was very worthwhile. Stressed and worried people aren’t going to be very productive at work anyway, so probably best to give them a few weeks leave to settle everything down and have them be able to return to work with a clear mind. I took my one week paternity leave at half pay and had two weeks at home.”*

*“It is crucial that fathers’ or partners’ get to take time off work when the baby is born. In my case, my wife had an emergency caesarean. This is major surgery that took many weeks for her to recover. She couldn’t drive for six weeks, so was dependent on me or other family members to drive her around. I also had to do more at home, such as heavy cleaning, shopping. If I was also working in those first few weeks I don’t know how we would have coped”.*

*Paid Maternity leave is more critical because mothers need time to recover, bond and breastfeed their new baby. However fathers should not be forgotten and they often are - many men would be happy to be the primary carer for a period of time if they did not have to trade off financially to do it. Paid leave would encourage men to play a more active role in raising their children and managing family responsibilities. Children need more role models in their lives - there are not enough. Too many men are absent working long work hours - and pursuing their careers, it is still far more acceptable for women to take time out but not men”.*

*“My focus is on the fact that as a father to be I am not entitled to any paternity leave for our baby that is due in 6 and a half weeks. As a partner in a relationship it is so important to establish that initial relationship as a family whether that is through adoption or natural birth”*



*“Family structures have changed and the workforce is more mobile – fathers are vital to the provision of care and support, especially as couples and their children are often isolated from extended family support.”*

### **6.3. Talent Management/Women in the workforce**

There was also a recognition that a paid maternity leave scheme contributes to the business bottom-line in terms of being an important retention strategy for women.

*“Mothers do not want to trade off their careers either (nor should they have to) - women study (in relatively higher numbers than men) and work hard to pursue their careers and they deserve to be able to raise a family and work if they wish to. Paid leave would allow this to occur without parents needing to return to work too early because they need financially to do so”.*

*“Organisations where I have worked - that do have paid maternity leave demonstrate higher retention rates for females - and higher levels of loyalty expressed by employees who feel supported in their parenting roles, especially when their employer demonstrates flexibility”.*

*“From an economic and business viewpoint - skills shortages are becoming more prevalent, we need to make use of our female talent that have left the workforce (when kids come along) or are being underutilised. Australia needs to increase the female labour participation rates to ensure our economy remains sustainable and in growth”.*

*“Perhaps even more important than the paid maternity leave, is the ability of the parents to preserve their work position for up to a year (or even longer) so that they have the discretion to stay home through much of the early childhood development without too much financial penalty on the employer. The government has already recognised, that in the long term for society to be sustainable, people need to have children. Thus they have responded to this need by introducing some strong policy measures such as cash incentives such as the baby bonus. Rather than straight out cash, I reckon paid maternity/paternity leave would be another (better) policy initiative to support new families - its impossible to control how the cash advance might get 'blown' on some depreciating asset like a wide screen TV, but you know that if you give the parents time (leave) they will be spending it with the child”.*

*“I currently work for an organisation that provides no paid maternity/paternity leave. I see this as extremely antiquated and it worries me that this company will not help to support me when I choose to have a baby in the next few years. I would seriously consider changing companies before that time to a one that does offer this benefit. I'm quite worried that taking time off for a baby will cause serious financial strain especially when having a baby is so expensive and I will then only have my partner's income to support us. To me it only makes sense to have paid maternity leave considering the huge skills shortage we are currently experiencing that is only going to rise exponentially in the next few decades unless we do something”.*

#### **6.4. Financial Security**

Families also have increased financial needs and costs at the time of the birth of a new baby and members rated concerns about financial security as another reason for introducing a national paid parental leave scheme.

*“Demographic change for young people - including spending a longer time in education and increased difficulties in establishing secure employment and financial stability and the problem of housing affordability means that parents are forced back to work early or suffer extreme financial hardship if they have to self-fund maternity leave.”*

*“Most fathers’ that I know have taken annual leave when their child is born. Some are entitled to unpaid parental leave, but don’t take it as the family would have no income for that period of time. The important thing to remember here is that the birth of a child is not a holiday. It is not a time that you have to relax, spend time at the beach, travel interstate or overseas. It is a time of hard work, lack of sleep, stress, joy, and exhaustion. “*

#### **6.5. Universal Government funded model**

The majority of responses we received supported a universal government funded model with funding to come out of general taxation system.

*“Here at XYZ Company we already offer paid Maternity leave to the staff. I have included an extract from our Parental leave guidelines for your information. This would be great if this was made standard for all industry”*

*“Funding the parental leave scheme should be primarily the function of government. I would set the payment at a level equivalent to the Parenting Payment Single rate. The benefit of this approach includes:*

- Employers would not be absolved of their responsibility or ability to provide paid leave entitlements. They would however be able to top up the difference between the government allowance and the employees’ salary.*
- It would not encourage people outside the workforce to have children to take advantage of a financial gain.*
- Administratively it would be simpler, as this system would not require assessing people’s incomes to determine how much to pay.*

*In addition, I would be happy to see the abolition of the Baby Bonus, or as many people refer to it as the ‘Plasma TV bonus’.*

#### **6.6. Australia’s Reputation**

Finally our members also identified a real sense of discomfit with being the odd country out in terms of providing paid parental leave support.

*“I am a father of a five month old boy. I am contributing to this Inquiry to offer up a reminder that we have an opportunity not only to be the second last OECD country*

*to introduce paid maternity leave, but to also implement good policy that will enable families to have choices. These choices could include who stays at home (mum or dad); how much time can be taken out of the workforce; and how to share the workload at home and in the workforce”.*

*“There needs to be an incentive there for women to have babies, the baby bonus is a start, but it’s not enough. We need to be on par with other Western European countries. France for example has four months paid maternity leave as well as a kind of baby bonus that is paid monthly based on the number of children you have. Australia needs to get with the program!”*

*“If it is good enough for developing countries to have paid leave for parenting, why can’t we manage it in our successful lucky country here in? Australia?”*

## **7. Conclusion**

A number of key issues were identified by our members and included:

- Health and well-being of mothers and babies
- Include fathers in the discussion
- Talent Management /Women in the workforce
- Financial Security
- Universal Government funded model
- Australia’s Reputation

A consistent and strong theme among almost all of the responses that informed this submission is that respondents believed Australia should no longer be out of step with the majority of countries globally where paid parental and paternity leave is the norm.

The Work/Life Association recognises that discussions about paid maternity, paternity and parental leave are particularly complex and contentious areas of public policy. The Work/Life Association’s takes the position that paid maternity, paternity and parental leave are important measures for addressing not only the demographic changes and challenges Australia is facing but also can provide health protection for working mothers and babies, equal employment opportunities, and gender equality within families. It is essential that Australia develops a paid parental policy leave policy that is relevant not only to parents and children but also to employers, co-workers, and the wider society.

A universal paid maternity and paternity leave and unpaid parental leave is an initiative Australia can afford (and indeed cannot afford to ignore any longer).

### **Recommendation:**

***The Work/Life Association supports a paid parental leave scheme as an important measure for addressing health and well being of families, demographic change, and workforce participation.***

***We advocate that an Australian standard in this regard should be in line with the ILO Maternity Protection Convention 2000 which supports paid parental leave to 14 weeks. Specifically the government should legislate for 14-week paid maternity leave scheme at the minimum wage, a two week paid paternity leave at the minimum wage, and 52 week unpaid parental leave that is funded through the general taxation system.***

There is a role for government to lead and get Australia in line with everyone else in the developed world.

**IT'S TIME!**