

Wallsend Area Community Carers Inc

26th May 2008

The Secretary

Inquiry in Paid Maternity, Paternity and Parental Leave.

Productivity Commission

GPO BOX 1428

Canberra City ACT 2601

Dear Secretary,

Wallsend Area Community Carers Inc would like to make a submission to the Inquiry into Paid Maternity, Paternity and Parental Leave. This submission will present the Productivity Commission with a number of issues and recommendations for your consideration.

WACCI are an aged care organisation based in the Newcastle Region. This organisation provides a range of services for the aged, disabled and housebound and their carers in the Jesmond, Wallsend, Shortland, Birmingham Gardens, Maryland, Elernmore Vale and Minmi communities.

WACCI recommend that the committee take into account the social benefits of paid maternity leave. The WACCI believe that paid maternity, paternity and parental leave will positively impact on Australia's ageing population and low fertility levels.

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‘Paid Maternity, Paternity, and Parental Leave: Addressing Australia’s ageing
population and low fertility rates’

27th May 2008

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1.0 - Executive Summary

This submission has been written on behalf of Wallsend Area Community Carers Inc (WACCI), for the Australian Government's Productivity Commission Inquiry into 'paid maternity, paternity, and parental leave'.

In this submission the WACCI wish to address the Productivity Commission's first term of reference as stipulated in the Government's joint media release that accompanied the Inquiry. The first term of reference is to "Identify the economic, productivity and social costs and benefits of providing paid maternity, paternity and parental leave." (Productivity Commission 2008: p1) In addressing this term of reference, the WACCI will examine the potential benefits paid maternity, paternity, and parental leave can have for Australia's ageing population and low fertility rates.

The WACCI specialise in community and aged care. It is the belief of this organisation that the government provides the aged with adequate support services.

2.0 - Wallsend Area Community Carers Inc

Wallsend Area Community Carers Inc. is a Home and Community Care (HACC) organisation jointly funded by the NSW and Commonwealth Governments. WACCI provide support to aged people, people with disabilities and their carers or the housebound in the community. The services offered by the WACCI include home visiting, respite care, shopping, weekly services, monthly luncheons, transport, a friendship club and general information.

WACCI was established because of an identified need for aged and community care in the

Wallsend and surrounding areas. The areas covered by WACCI include Wallsend, Birmingham Gardens, Jesmond, Maryland, Elernmore Vale and Minmi. WACCI is located at Neal House in the Wallsend Hospital Campus.

3.0 - Paid Maternity, Paternity and Parental Leave: Current Situation

Australian and the United States are currently the only two 'Organisation for Economic Cooperation and Development' (OECD) countries that do not have a provision for paid maternity leave. (Mahony 2001: p1) Australia's failure to provide national paid maternity leave entitlements go against the international standards set by the United Nations (UN) and the International Labour Organisation (ILO).

International standards set by the UN and the ILO stipulate that "While absent from work on maternity leave... The women shall be entitled to receive cash and medical benefits. (NTEU 2005: p1) The standards set by these two significant organisations also state that paid maternity leave should be an entitlement for all workers. (Risse n.d: p5)

4.0 - Paid Maternity, Paternity and Parental Leave as a social responsibility

It is often claimed that maternity leave entitlements only benefit individual families. The implementation of paid maternity leave in Australia will greatly benefit every single person in the community. The WACCI believe that paid maternity leave will positively impact on the ageing population and low fertility rates. (SBS 2008: p1) These impacts will be explored in detail throughout this submission.

It is often argued that the introduction of paid maternity leave will place great economic burden on the government, small businesses and employers. The inquiry into paid maternity leave must however examine the economic consequences experienced in the event that these entitlements are not introduced. Risse states that the ageing population, increased life expectancies, and low levels of fertility will "have huge economic consequences if they are not addressed." (n.d: p6) One way the government can address these economic issue is to introduce paid maternity, paternity, and parental leave for all Australians in the workforce.

Reproduction is vital in helping to minimise the effects of Australia's ageing population. Every single person will more than likely need some form of care in their lifetime, (Lawlink 2002: p1) Reproduction must meet the replacement rate so new generations have the resources' needed to take care of the ageing population. Reproduction must therefore be viewed as a social responsibility and not an individual responsibly. (Kath 2003: p1)

4.1 - Australia's ageing population

Currently Australia is experiencing significant demographic changes which will greatly impact every single Australian. These changes are associated with Australia's ageing population. Australia's population will age substantially in the coming decades. The ageing population is attributed to Australia's low fertility rates, the baby boomer generation, higher life expectancies. (May 2008: p1)

It is expected that the number of people living in Australia aged 65 years and older will increase dramatically. The Australian Local Government Association (ALGA) states that it should be expected that "within Australia the number of people aged over 65 will grow from 2.5 million as of June 2002, to 7.1 million in 2051." (2004: p8) Higher life expectancies are contributing greatly to Australia's changing demographics and ageing population. The 2002 Australian Bureau of Statistics (ABS) census found that the proportion of people over 65 living in Australia is now 12.6% when compared to the rest of the population. (Lawlink 2002: p1)

An ageing population has a number of implications for the Australian community. These implications are even more apparent when coupled with Australia's low fertility rate. Kippen believes that fertility has a very valuable role in influencing age structure and "continuing low levels of fertility result in progressively fewer births each year and proportionally more people of older ages." (2002: p152) One major concern associated with Australia's ageing population is the future ability of this country to support the needs of the elderly. (Kippen 2002: p151) The main demands of Australia's ageing population will be health and aged care, home support services,

subsidy of medical services, community transport and cultural and recreational services. (ALGA 2008: p1)

4.2 - The relationship between Paid maternity leave and the ageing population

The institutions, policies and practices currently in place relating to work and families in Australia, is argued by the Lawlink Anti-Discrimination Board as failing to reflect the real experiences of most Australian workers who balance employment with family responsibilities. (Lawlink 2002: p1) The Government must take a proactive and innovative approach to population ageing. (ALGA 2004: P8) A proactive and innovative approach will help secure Australia's future and the care of the elderly. (May 2008: p1) One approach to the serious threat of an ageing population is the introduction of paid maternity, paternity, and parental leave. Risse states that paid maternity leaves entitlements have the potential to "elevate the birth rates of working women and help ease the cost pressure of the ageing population." The entitlements would compensate the private costs associated with having children and the time taken off work to fulfill these duties. (Risse n.d: p6)

4.3 - Australia's low fertility rates

Australia has experienced low fertility rates since the 1970's. These rates have however continued to steadily decline since the 1990's. (Kippen 2002: p152) The reasons attributed to Australia's low fertility levels are the growing number of women in the workforce, the choice of women to remain childless and the higher ages in which women are marrying and having children.

The fertility rate has remained under the replacement rate since the 1970's. (Risse n.d: p6) The replacement rate needed for Australia to experience population growth is 2.1 children per woman. In 2001 it was recorded that the average Australian woman gave birth to 1.76 children. The growing choice of Australian women to remain childless has also greatly affected the fertility rate. The ABS has predicted that 28% of

Australian women will enter their reproductive years and remain childless. (Lawlink 2002: p1) The higher age in which women are having children also significantly affects the fertility rate. According to the ABS the age in which Australian women are having children has increased from 26.3 years in 1978 to 29.8 years in 2000. (Lawlink 2002: p1) Risse believes that the higher ages in which women start having children results in a “consequent loss of opportunity to have a second or third child.” (n.d: 2002)

4.4 - The relationship between paid maternity leave and low fertility rates

The Australian Government must also take a proactive and innovative approach to the fertility rate. (ALGA 2004: P8) Kippen believes that the government must introduce policies aimed at preventing further falls in fertility. (2002: p158) Paid maternity, paternity and parental leave is identified by the WACCI as having the potential to prevent further falls in fertility.

In the analysis 'The Housebound income and Labour dynamics in Australia Survey', Risse found that paid maternity leave influences pregnancy rates in young women. Risse's research found that 6.9% of women aged 24 years or less who had access to paid maternity leave, reported becoming pregnant. This figure is almost double the 3.8% of women in the same category that did not have access to paid maternity leave and reported becoming pregnant. It was concluded by Risse that “statistically women in the 24 years or less age group who have access to paid maternity leave are 11% more likely to become pregnant than those without it”. (UQ News 2007: p1) The research conducted by Risse demonstrates the ability of paid maternity leave to influence Australia's population and fertility rates. (UQ News 2007: p1)

European demographers also believe there is a relationship between paid maternity leave and fertility rates. These demographers argue “pro-natalist policies like paid maternity leave, public childcare and extensive parental leave may raise the birth rate by 0.2 to 0.5 of a percentage point. (Stott Despoja 2002: p32) An increase of 0.2 to 0.5 may help Australia meet the replacement rate required for population growth.

Australian demographer Peter McDonald also believes that pro-natalist policies could have a real effect in Australia. (Stott Despoja 2002: p32)

Paid maternity, paternity, and parental leave also has the benefit of changing the views of reproduction in society. In 'The Mother of all battles: Why paid maternity leave is overdue in Australia', Kath argues that paid maternity leave provisions would "pave the way for a more progressive view of reproduction as a social responsibility rather than an individual responsibility of women." (2003: p1)

5.0 - Conclusion

At this current period the Australian Government does not have the institutions, policies, and structures needed to combat the changing demographics of Australian society. These demographics include an ageing population and low levels of fertility. The introduction of paid maternity, paternity, and parental leave will be a very positive step in helping to minimise the effects of these changing demographics.

So far the government has failed to consider the positive effects paid maternity, paternity and parental leave can have on Australia's ageing population and low fertility rates. The government currently struggles to provide adequate services for the aged and it is therefore paramount that the government acknowledges the importance of these entitlements for every single Australian.

Paid maternity, paternity, and parental leave entitlements could greatly influence Australian women's child bearing behaviours. The increased costs faced by Australian families are making it more difficult for women to have children. Maternity leave is an economic must for a nation that is faced with continual interest rate increases, petrol hikes and grocery rises.

Increasing the fertility rate should become a priority of the government if they wish to build a nation that can take care of its own people. The current baby bonus payments are not sufficient in providing Australian women with the financial security needed to expand their families. The payments are also only offered for a women's first-born and are therefore failing to increase Australia's fertility rate.

6.0 - Recommendations

The Australian government must introduce paid maternity leave, paternity and parental leave for all working individuals. These entitlements must be paid for by the government because of the social benefits these payments will have on Australia's ageing population and low fertility rates.

The government must continue to acknowledge the effects the ageing population and low fertility rates will have on Australia's current and future populations. The government must start devising strategies to deal with these social issues. More research must be completed on the relationship between maternity leave payments and the ageing population and low fertility levels.

The Baby bonus should be removed and replaced with paid maternity, paternity, and parental leave entitlements. The baby bonus is economically disastrous and does not provide women with enough initiative or financial security to have children.

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