

Submission

on

Paid Maternity, Paternity and Parental Leave

to the

Productivity Commission

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1. Introduction

The Hon Chris Bowen, Assistant Treasurer and Minister for Competition Policy and Consumer Affairs, has referred to the Productivity Commission for inquiry and report by the end of February 2009, “strategies for improved support for parents with newborn children”. In particular the Commission is to “identify paid maternity, paternity and parental leave models that could be used in the Australian context” and to assess these models for their cost-effectiveness, interaction with the Social Security and Family Assistance Systems, and their impact on:

- (i) the financial and regulatory costs and benefits on small and medium sized business;
- (ii) the employment of women, women’s workforce participation and earnings and the workforce participation of both parents more generally;
- (iii) work/family preferences of both parents in the first two years after the child’s birth;
- (iv) the post-birth health of the mother;
- (v) the development of young children, including the particular development needs of newborns in their first 2 years; and
- (vi) relieving the financial pressures on families.

The Commission has released an issues paper and called for public submissions which are due by 2 June 2008.

2. Objectives

Any scheme of paid maternity leave should treat equitably all women who give birth regardless of their employment status both during and after pregnancy and childbirth. The choices women make over their lifetime in regard to balancing work and motherhood should be respected.

There is no justification for a scheme that creates incentives for women to return to paid employment sooner after the birth of their children than they might otherwise choose to do nor for income support only directed at women who are participants in the paid workforce.

The limitation in the terms of reference to the impact of paid maternity and paternity leave schemes on “work/family preferences of both parents in the first *two* years after the child’s birth” is unhelpful.

The employment patterns of women continue to be heavily influenced by the age of the youngest child well after the two year mark.

When the youngest child is aged 19-24 months a majority of women (55%) are not in paid employment¹.

Among partnered mothers with children aged less than 5 years, 51% were employed (35% part-time and 16% full-time). For partnered mothers with a youngest child aged 5–9 years, 71% were employed (44% part-time and 27% full-time), while for those with a youngest child aged 10–14 years, 78% were employed (41% part-time and 37% full-time).²

3. Eligibility

In the light of this data it seems inappropriate to be considering a scheme which is only targeted at women who are in the paid workforce before giving birth and who intend to return to the paid workforce after 12 months or less. Such a scheme could only benefit a minority of women who give birth.

Four of the six areas of potential impact which the terms of reference require the Commission to assess, namely “work/family preferences of both parents in the first two years after the child’s birth; the post-birth health of the mother; the development of young children, including the particular development needs of newborns in their first 2 years; and relieving the financial pressures on families” could all be met in an equitable way through a “maternity support scheme” rather than “paid maternity leave”.

Such a scheme could involve an income support payment to all women with children aged under a certain number of months.

Alternatively consideration could be given to family unit taxation where the number of persons in a family, including the number of children, is taken into account in determining the tax free threshold for the breadwinner. Each additional child would reduce the tax bill and therefore increase net income.

4. Duration and generosity of benefits

If a “maternity support scheme” were adopted, payments could be based on a percentage of average weekly earnings – say 50% or about \$587 per week. This scheme could replace the baby bonus which would then provide the funds to pay the first two months of the payments.

Additionally all government support for paid childcare could be withdrawn and the funds used to finance additional weeks of “maternity payments” to all women who have given birth. Families could make their own decisions about whether to use these payments to enable a parent (most likely the mother) to stay at home and care for their children or to use the payments to fund childcare and facilitate a return to paid employment.

5. Financing options

It is hard to see the justification for imposing on employers the costs of paid maternity leave.

Therefore any scheme should be fully funded by government, using tax relief as much as possible rather than direct transfers.

6. Return to work guarantee

The issues paper states³ “If a key objective of paid parental leave is to maintain the ongoing association of the main carer (usually the mother) with the workforce, one issue is the extent to which, and under what circumstances, an employer ought to be obliged to continue to employ a person who has taken a period of paid and/or unpaid parental leave.”

However, this objective is not necessarily in accordance with the choices made by the majority of women, with the best interests of children or with the economic interests of the employer.

Taking all these factors into account there is no justification for imposing return to work guarantees on employers.

7. Wellbeing of children

The issues paper cites⁴ a number of studies indicating advantages to children's wellbeing from breastfeeding, including better physical and mental health outcomes in later life. It also notes the World Health Organisation's recommendation that "breastfeeding should be the exclusive form of feeding up to six months after birth."

This factor should certainly be taken into account in weighing the merits of any proposed model. A "paid maternity leave" scheme that encouraged return to work earlier than six months after giving birth would clearly not be helpful in facilitating breastfeeding as "the exclusive form of feeding up to six months after birth."

Recent research also points to harms to children's wellbeing from early placement in long day care.

Jay Belsky has reported⁵ the main findings from the NICHD Study of Early Child Care in America, in which over 1200 children from 10 communities were followed from birth through to starting school.

"Critics of earlier research had suggested the problem of day care was all to do with poor quality, but the new study found that even when controlling for the quality of care, the quantity of day care still mattered. Children who spent early, extensive and continuous time in the care of non-relatives were more likely to show later behavioural problems, such as aggressiveness and disobedience, as indicated by ratings from their caregivers, their mothers and eventually their teachers.

"The type of care mattered too. The study found children who spent more time in a child care centre (as opposed to in another person's home with a non-relative, or in a home with a relative other than their mother) tended to show benefits in terms of their cognitive and linguistic development, but to also show more behavioural problems, being more aggressive and disobedient.

"Finally, and not surprisingly, the quality of care was also found to be relevant, in terms of how attentive and responsive carers were, and how stimulating the care environment was. Low quality care was particularly detrimental to the children of mothers who lacked sensitivity. High quality care on the other hand was associated with later superior cognitive-linguistic functioning.

"Given these results, and similar findings from British studies such as the EPPE Study⁶, Belsky concluded that policies should be introduced to discourage parents from putting their children into day care for too long, including the expansion of parental leave, and tax policies to reduce the economic factors that encourage parents to leave their children in the care of other people."⁷

This evidence on the potential harms of long term day care should be taken into account in assessing the impact of any model of paid maternity leave on "the development of young children". Models which create incentives to return to paid employment while children are still under 5 should be ruled out because of the potential for adverse harms to children.

8. Conclusion

Any proposed model should first be assessed to see whether it is equitable in the support given to all women who give birth regardless of their preferences for work/family balance. No scheme which gives payments only to women who have been in and/or intend to return to the paid workforce would pass this equity test.

The evidence for harms to children who are not breastfed for at least the first six months of life or who are placed in long term care by non-relatives should be given significant weight in assessing models. No model should be adopted which is likely to encourage an early return to paid employment by mothers of children under 5 years old.

9. Endnotes

1. [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/EDB31E2063F01A00CA25720F00820F5D/\\$File/4913.0_table4_nov_2005.xls](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/EDB31E2063F01A00CA25720F00820F5D/$File/4913.0_table4_nov_2005.xls)
2. *Work and family responsibilities through life*, Australian Institute of Family Studies, May 2008, <http://www.aifs.gov.au/institute/pubs/snapshots/ssbrochure08/ssbrochure08.pdf>
3. http://www.pc.gov.au/_data/assets/pdf_file/0011/78491/parentalsupport.pdf p. 8
4. Ibid., p.10
5. Belsky, J. (2006). Early child care and early child development: Major findings of the NICHD Study of Early Child Care. *European Journal of Developmental Psychology*, 3, 95-110.
6. <http://www.ioe.ac.uk/schools/ecpe/eppe/index.htm>
7. Is day care harmful to small children?, *Research digest blog*, British Psychological Society, <http://bps-research-digest.blogspot.com/2006/03/is-day-care-harmful-to-small-children.html>