

**Submission to the Productivity Commission Paid Maternity, Paternity and  
Parental Leave Public Inquiry by Dr Andrew Scott**

2 June, 2008

In the Scandinavian social democratic countries, generous paid parental leave provision has been associated with higher workforce participation by women and higher productivity. Their experience has shown that both men and women want to work and play a role in raising children.<sup>1</sup> We must now proceed in Australia to make our industrial relations arrangements more family-friendly, to enable this to happen here. The Scandinavian approach allows parents to spend time with their newborn and young children, including explicit provision for substantial periods of paternity leave, as well as maternity leave.

Australia and the United States are now the only OECD nations without statutory provision for paid maternity leave. Australia's workplaces need to change to better enable work to be combined with caring. The Government to date has only committed to legislation which will allow workers to ask for two years of unpaid maternity leave, plus the right to return to work part-time or with flexible hours. Employers would still be able to refuse this request on so-called reasonable grounds. Paid parental leave should be made available as a right.

The four principal Nordic nations (Sweden, Norway, Denmark and Finland) are consistently assessed as among the most economically efficient or 'competitive' nations in the world by the World Economic Forum. They also always rate as the most equitable nations in terms of income distribution. Sweden, which has the largest population of the Nordic nations, is much more equal than Australia and Britain; and twice as equal as the United States.

This mix of strong economic performance and relatively equal income distribution makes a big and positive difference in many facets of life. While there is a strong work ethos and commitment to 'productivism', working hours remain within reasonable limits for work/life balance. In 2005, workers in Australia worked on average 1811 hours a year, compared with 1360 hours in Norway, 1551 in Denmark, and 1587 in Sweden, according to OECD data. These countries also pay attention to the working environment. Positive environments (those in which workers have reasonable variety and the chance to work in teams) maximise employees' morale, commitment and output. Particularly successful Scandinavian corporations such as Volvo and Scania are associated with innovative workplace design and a high quality of management (which involves proper consultation with workers).

These four nations are also notable for: driving child poverty down to unparalleled lows; enshrining the rights of children; improving gender equality and providing family-friendly workplace arrangements, including typically 12 months' paid parental leave, a minimum of two months of which must be taken by fathers.

While there were setbacks to the Nordic nations in the international economic recession of the early 1990s, they have continued to hold on to values such as

---

<sup>1</sup> Human Rights and Equal Opportunity Commission, *It's about Time: Women, Men, Work and Family, Final Paper 2007*, Sydney, 2007, pp. 75, 93.

universalism, full employment and equality. These values have helped rather than hindered these countries resume their strong overall economic, social and environmental performance since that time.

As Swedish scholar Dr Jenny Andersson writes (specifically in relation to Sweden), most people there continue to emphasise the interdependence of growth and security. The Swedish word for security, 'trygghet', has a broad meaning that goes beyond issues of material concern and refers to notions of comfort, wellbeing and belonging.<sup>2</sup> In Sweden, security is still regarded as a precondition of change, whereas in the United States, Britain and Australia, the greater dominance of economic liberalism requires individuals to be induced and coerced to accept the process of change as a precondition of security.<sup>3</sup> This is a very important difference. The international evidence is that the Nordic approach is more beneficial socially than ours.

The four main Nordic nations have the world's highest labour force participation rates for women.<sup>4</sup> In all four nations, the labour force as a proportion of the population is higher than it is in Australia.<sup>5</sup> Unemployment, including hidden unemployment, is still a problem in the Nordic nations, as in Australia. However, mainstream political and policy debate in these countries goes beyond the narrow official measurements of unemployment to confront the broader problem of joblessness, which confirms the quality of the democratic discourse and the breadth of policy ambition there. Those who are not employed in Scandinavia and Finland benefit from far more comprehensive and higher quality skills training than do Australian unemployed people at present. These countries, moreover, do not suffer the serious vocational skills shortages which have lately emerged in Australia as a result of inadequate public and employer investment in training.

The universal approach to welfare provision in Nordic Europe also guarantees a decent minimum income for all and prevents the spiralling hostility towards some categories of welfare recipients which occurs in countries with more selective and minimal welfare arrangements. There continues to be widespread public support in the Nordic nations for equality, for a strong welfare state and for continuing to take the 'high road' to prosperity. The resilience of these distinctive nations rebuts claims that 'globalisation' is eliminating all policy options for nation states.

Nordic Europe is providing policy leadership to the world in many respects including in paid parental leave. Australia can benefit greatly from closer study of its achievements and I therefore seek the opportunity to elaborate on this initial submission at a public hearing of the Productivity Commission's Inquiry.

Yours sincerely,

Dr Andrew Scott  
Senior Lecturer

---

<sup>2</sup> Jenny Andersson, *Between Growth and Security: Swedish Social Democracy from a Strong Society to a Third Way*, Manchester University Press, Manchester, 2006, p. 9.

<sup>3</sup> *ibid.*, p 132.

<sup>4</sup> Rodney Tiffen and Ross Gittins, *How Australia Compares*, Cambridge University Press, Melbourne, 2004, Table 4.4.

<sup>5</sup> *ibid.*, Table 4.1.