

**Submission from
the Australian Institute of Family Studies
to the Productivity Commission Inquiry into**

**Paid Maternity, Paternity and
Parental Leave**

2 June 2008

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Role of AIFS

The Australian Institute of Family Studies (AIFS) is an Australian Government statutory agency in the portfolio of the Prime Minister and Cabinet. It was established in February 1980 under the Australian *Family Law Act 1975*. The functions of AIFS are: to help to identify the factors affecting marital and family stability in Australia by conducting, encouraging and coordinating research; and to promote the protection of the family as the fundamental group unit in society.

The Australian Institute of Family Studies is the Government's principal source of specialist research expertise on families, and is uniquely placed to provide research and advice on family wellbeing. The Institute undertakes high-quality research that informs the Australian Government and the community and influences policy, services and support for families. A key role of the Institute is disseminating widely and effectively the results of its research to a range of stakeholders.

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1. Introduction

The Australian Institute of Family Studies (AIFS) is pleased to have the opportunity to make a submission to the Productivity Commission's Inquiry into Paid Maternity, Paternity and Parental Leave.

When assessing the relative merits of paid maternity leave, it is important to be clear about what policy objectives it is seeking to address. There are a number of possible policy objectives. These can be broadly categorised as:

- protecting the health of the mother;
- improving the health and development of the child;
- maintaining income following the birth of a child;
- maintaining attachment to the workforce for mothers; and
- recognising the social and economic importance of childbearing and raising.

To help assess the value of parental leave in addressing these objectives, this submission presents information about parental leave use and employment around childbearing. Much of the analysis is based on new data from the Longitudinal Study of Australian Children (LSAC).¹ Data from the Household Income and Labour Dynamics (HILDA) survey is also used.

In this submission, the term “parental leave” is used to cover maternity and paternity leave. Given that fathers’ employment is much less affected by childbearing than mothers’, in this submission we focus primarily on maternal employment. The role of fathers in children’s lives is increasingly being recognised, and we would expect this to be reflected in any statutory paid parented leave scheme.

As the issues paper prepared by the Productivity Commission for the inquiry notes, Australia, along with the United States (except for California), are the only jurisdictions in the OECD without some form of statutory paid parental leave. While there are a number of reasons for Australia not having some form of statutory paid leave, in our view the following are important factors in explaining this:

- Australia has quite an extensive system of unpaid maternity leave that helps to protect job continuity.
- Subject to means tests, income while not in employment following childbirth is provided through the income support system. A Baby Bonus (formerly known as the Maternity Allowance) is also made available through the income support system to assist families with the extra costs associated with the birth of a new baby. The level of government support has increased very substantially in recent years (see below).
- Unlike most OECD countries, Australia does not have a contributory social insurance scheme but generally provides means-tested assistance at a flat rate

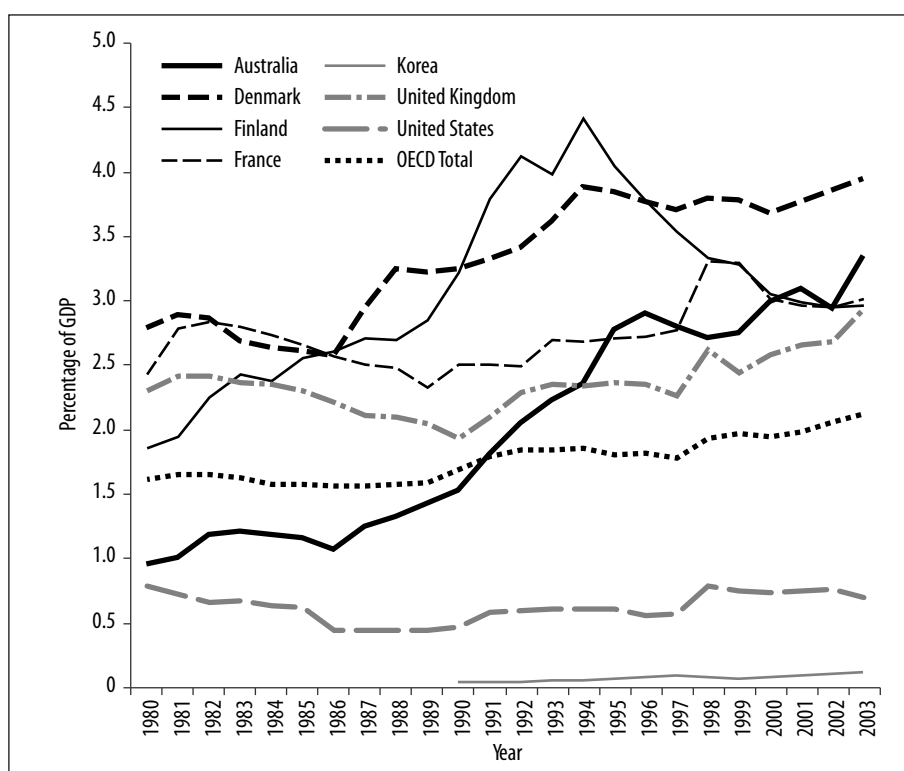
1. LSAC is following two cohorts of children who were born in 1999–2000 (B cohort) and 2003–04 (K cohort). The first wave of LSAC was conducted in 2004, at which time the two cohorts were infants and 4–5 year olds. A detailed discussion of issues involved in using LSAC to analyse labour market issues is provided by Baxter, Gray, Alexander, Strazdins, & Bittman (2007). In addition to the main waves of LSAC, which are every two years, a between-waves mailout survey is administered. The 2005 between-waves survey (Wave 1.5) included the Parental Leave in Australia Survey (PLAS), which collected detailed information for the parents of the B cohort on employment before and after the birth of the child and on use of leave at this time (Whitehouse, Baird, & Diamond, 2005). For more information about this survey, refer to Whitehouse & Soloff, 2005.

from the Government's general revenue.² National social insurance systems in some other countries allow for risks to be pooled and the costs to be shared by employers, employees and governments. This means that individual employers do not bear the cost of paid leave for each individual employee.³

- Australia's social security system is not based on the maintenance of previous income or continuation of living standards; rather, it is based on giving priority to assisting those most in need. As a result, using a needs basis criterion, Australia does quite well, but using a maintenance of pre-childbirth income criterion, the Australian system doesn't do as well.

It is worth noting that the level of government spending on families with children in Australia has increased very substantially since the early 1980s (Gray, Qu, & Weston, 2008) and has grown at a faster rate than most other OECD countries (Figure 1).

The significance of family payments has increased substantially in recent years. While comparing the level of family benefit expenditure over the last 15 to 20 years is not straightforward, since the structure of family payments has changed significantly, it is estimated that between the years 1993–94 and 2003–04, expenditure on family payments increased in real terms by about 115%, from \$7 billion to \$15.3 billion in 2003–04 dollars (Ministerial Taskforce on Child Support, 2005).



Source: Organisation for Economic Co-operation and Development (OECD), 2007

Figure 1 Government spending on families in cash, services and tax measures, percentage of GDP, 1980–2003

2. Although, compulsory superannuation does provide a contributory aspect to the Australian system.
3. It is worth noting that in some European countries, income support to workers injured at work is provided through the government income support system, whereas in Australia it is provided through the industrial system (workers compensation).

This submission:

- discusses some of the reasons why Australia is one of the few OECD countries without statutory paid maternity leave;
- provides background data on employment across the life cycle; and
- provides data on and analyses of women's employment during pregnancy, including:
 - data about difficulties mothers face at work while pregnant;
 - analysis of parental use of leave following childbearing;
 - analysis of return to paid work after childbearing, leave use and the reasons for returning to work;
 - identification of the types of jobs returned to after childbearing;
 - analysis of how financial wellbeing varies by the use of leave;
 - analysis of breastfeeding by return to paid work; and
 - analysis of parental wellbeing, parenting and gender equity.

Key points

While this submission provides detailed data on a number of relevant issues, the key points are:

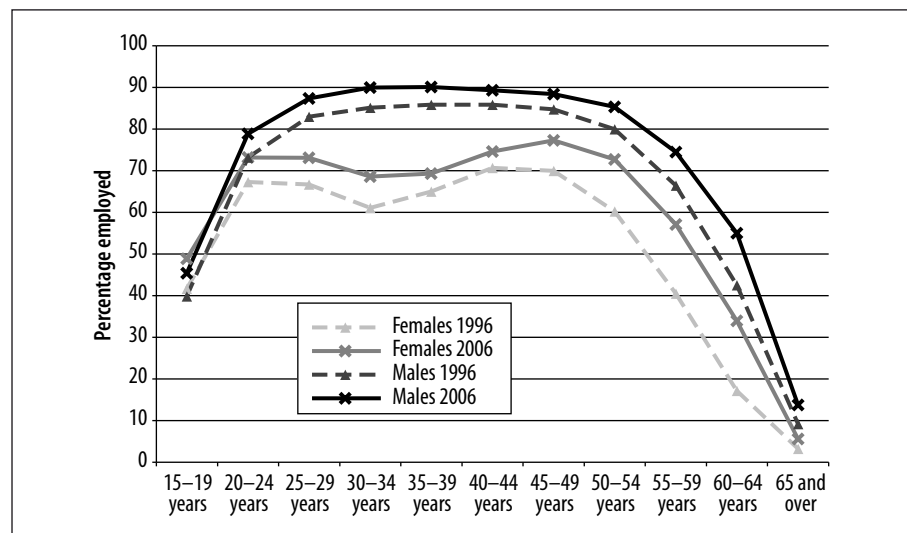
- Just under two-thirds of Australian women are employed during pregnancy (Section 3). Traditionally, paid maternity schemes apply to women who are employed and therefore do not affect the one-third of mothers who are not employed. The higher rates of employment of first-time mothers than those having second or subsequent children means that the traditional statutory parental leave schemes benefit mothers having a first child more than mothers having second or subsequent children. The interaction between statutory paid parental leave and government payments would require careful consideration.
- Self-employment is relatively common among employed mothers of infants (Section 6) and there is evidence that many mothers choose self-employment to assist in combining family and work responsibilities (Gray & Hughes, 2005). While it is possible to design paid maternity leave schemes that do apply to the self-employed, generally this has not been the case.
- There is relatively little difference in the rate of return to work for Australian women according to whether they used paid leave, unpaid leave or a combination of paid and unpaid leave. In Australia, the available data suggests that current paid leave arrangements are not, in themselves, associated with higher rates of return to work, relative to unpaid leave (Section 6). This makes sense, given that job protection is generally provided by unpaid parental leave, and the paid leave that is available is generally for a relatively short period of time.
- About half of mothers who were employed while pregnant said that more or some paid maternity leave would have helped them following the birth of their child, and 8% said that more or some unpaid maternity leave would have helped (Section 4).
- There is only very limited evidence available for Australia on the likely impacts of the introduction of statutory paid parental leave on the lifetime labour supply of women. The literature from the OECD cannot be directly used to address this question. This is because the international literature generally compares the impact of having paid leave to having no leave at all (paid or unpaid), whereas in the Australian context, the relevant comparison when

assessing the impacts of statutory paid parental leave is to compare paid leave with unpaid leave.

- Given that job security is provided through unpaid maternity leave, it is possible that any effects of introducing statutory paid parental leave on the lifetime labour supply of women will be relatively small. The key determinants of this are likely to be:
 - whether the introduction of statutory paid parental leave increases the number of women who are employed prior to childbearing (although it should be noted that Australia does not have low employment rates of women without children); and
 - whether the number of women returning to work between pregnancies increases in order to maintain access to paid maternity leave. The probability of this happening will be very dependent upon the length of paid maternity leave available and the rate at which it is paid.
- Our assessment is that the introduction of statutory paid parental leave of around 14 weeks at the minimum wage, with consequent reduction in government payments (maternity payment), is unlikely to generate significant behavioural changes, unless significant workplace cultural change is generated. This assessment is based upon job protection being provided by unpaid maternity leave and the maternity payment being quite significant.
- However, a scheme that provides paid leave at the level of the mother's pre-birth earnings (or a substantial proportion of pre-birth earnings) is likely to mean that some women delay returning to work because their financial constraints are reduced. According to the LSAC survey, 44% of mothers who were employed while pregnant who used leave and returned to work while the child was aged 12 months or less said that they returned to work earlier than they would have liked because they needed the money (Section 6). However, it should be noted that only about half of the mothers have returned to work by the time their child is 12 months of age. Evidence from EU countries would support this conclusion.
- Measures of wellbeing do not vary much according to whether the mother, at the time of the interview, was in paid employment, on paid parental leave, on unpaid parental leave, or not employed and not on leave (Section 9). Having access to parental leave, or perhaps paid parental leave, is only one of the factors that may impact upon wellbeing. This makes identifying the causal relationship between parental leave and wellbeing very difficult and not well understood in the Australian context.

2. Employment across the life cycle

As background information, some basic descriptive information on how employment rates vary with age for men and women, and how they have changed between 1996 and 2006, are shown in Figure 2. Men's employment participation does not change through the childbearing years, whereas women's employment is markedly lower than men's in the childbearing years, and remains lower from that point. Between 1996 and 2006, there have been increases in employment rates of both men and women.

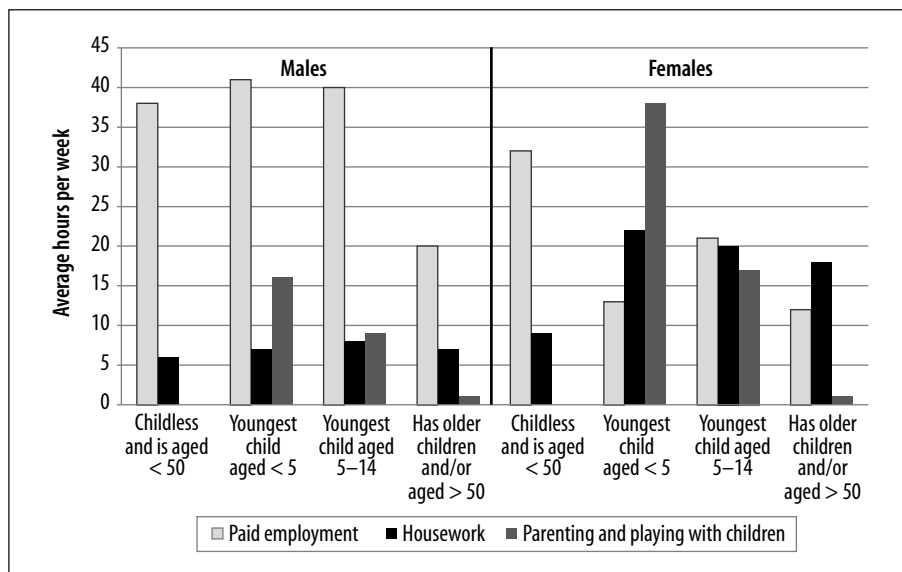


Source: Australian Bureau of Statistics (ABS), 2006

Figure 2 Employment rates, males and females by age, 1996 and 2006

The time use of males and females by life cycle stage are shown in Figure 3. Key points are:

- For men, paid employment takes up far more time than childrearing, regardless of the stage of life.
- For women, paid employment plays a significant part of women's lives prior to having children, and then takes up far less time when they have young children, as time is more likely to be allocated to childrearing and other tasks.



Note: Excludes dependent students and persons listed as "other family members".

Source: HILDA, 2006

Figure 3 Time use of males and females, by life cycle stage, 2006

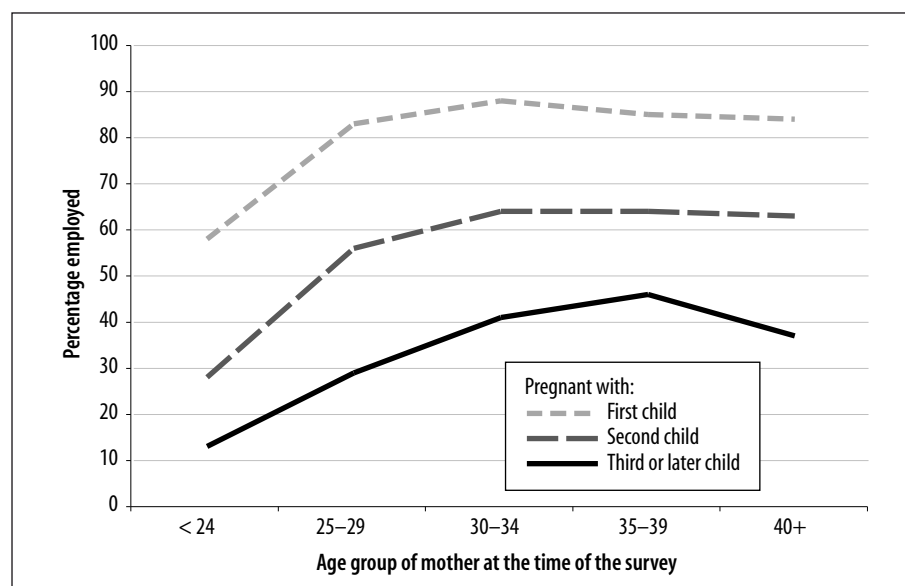
3. Women's employment during pregnancy

Generally, paid maternity leave applies to women who are employed in the year prior to having a baby. This section provides information on the rates of employment of pregnant women and the type of jobs they do. According to data from Wave 1 of LSAC, 62% of mothers in the study were employed during pregnancy.

Number of children

The rate of paid employment differs according to whether the woman is pregnant with her first, second, third or subsequent child (Figure 4). The employment rate of women pregnant with their first child was 79%, 58% for the second and 39% for the third. This reflects, at least in part, the fact that some women do not return to work after the birth of a child before building on their family.

Figure 4 also shows that the age of the mother at the time of the pregnancy made a difference, with younger first-time mothers having been less likely to be employed while pregnant. These mothers may face particular difficulties when attempting to enter the labour market following childbearing.



Source: LSAC Wave 1, infant cohort, 2004

Figure 4 Employment rates of mothers while pregnant, by birth order and mothers' age

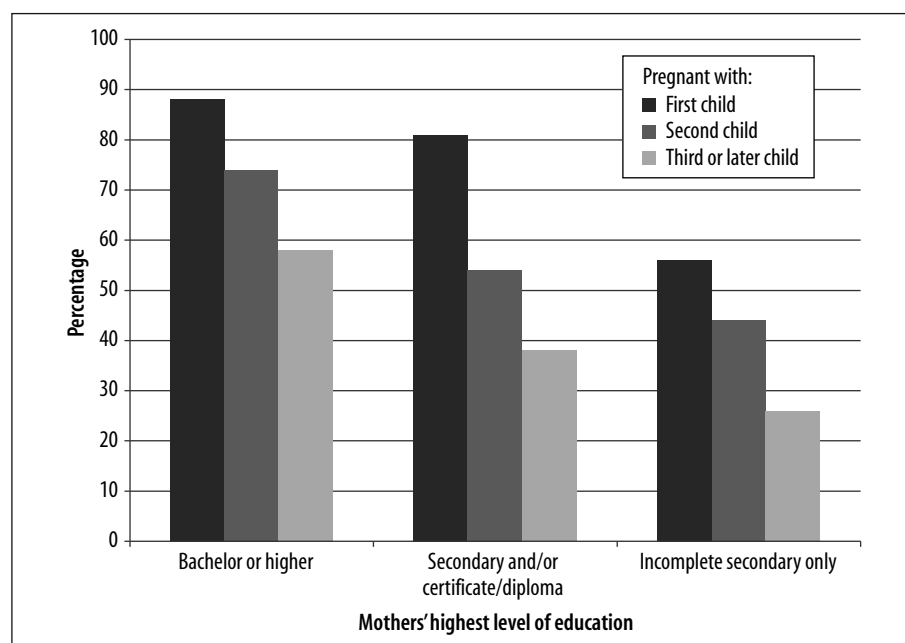
Maternal educational attainment

There were significant differences in the employment rates of pregnant women according to their level of educational attainment. Employment rates during pregnancy were:

- 77% for those with a bachelor degree or higher level qualification;

- 61% for those who had completed secondary education and/or had a certificate or diploma; and
- 42% of women with incomplete secondary education only.

Differences by education and number of children are also apparent in Figure 5. For all levels of educational attainment, the in-pregnancy employment rate decreased as the number of children the woman had increased.



Source: LSAC Wave 1, infant cohort, 2004

Figure 5 Percentage of mothers employed during pregnancy, by birth order and education level

Type of job

According to LSAC Wave 1 data, women were considerably more likely to be employed in full-time jobs when pregnant with their first child (59% worked full-time, 20% part-time or casual,⁴ and 21% were not employed), compared to when pregnant with a second child (20% worked full-time, 38% part-time or casual, and 42% were not employed), or later child (12% worked full-time, 27% part-time or casual, and 61% were not employed).

LSAC Wave 1.5 also showed that:

- First-time mothers were also more likely to be employed in permanent jobs than those having their second or subsequent child (Table 1). As a proportion of those employed in pregnancy, self-employment were more common among mothers with more children. Given that permanent employees were the most likely to have access to employer-provided paid parental leave, women having

4. The hours worked during pregnancy included the categories “full-time (30 or more hours per week)”, “part-time” and “casual”. Cross-checking these data on “casual” work during pregnancy with the more detailed data on hours worked during pregnancy in Wave 1.5 found that almost all appeared to have worked part-time hours.

Table 1 Mothers' and families' characteristics and pre-birth employment

	Not employed during pregnancy (%)	Employed during pregnancy, employment type			
		Permanent (%)	Casual (%)	Self- employed (%)	Contract (%)
Child's birth order					
First	15	60	15	6	4
Second	38	37	15	7	3
Third or later	56	23	11	9	2
Mother's education					
Incomplete secondary only	52	27	14	6	1
Secondary education only	39	38	13	7	2
Certificate/diploma	33	41	18	7	2
Bachelor degree or higher	20	55	11	9	6
Partner's employment/income					
Partner earns < \$500 per week	35	33	18	12	2
Partner earns \$500–999 per week	28	49	14	7	3
Partner earns ≥ \$1000 per week	28	47	13	8	4
Partner not working	57	27	8	4	3
Single parent	50	20	25	4	1
Total	33	43	14	7	3

Note: Pre-birth employment status was based on women's own reporting of which category of employment type best described their employment situation, when asked about the 12 months before the study child was born. Those not reporting to be self-employed were given the options of "permanent employee (with an expectation of ongoing employment and access to paid annual and sick leave)"; "casual employee (employed on a casual basis, without access to paid annual and sick leave)" and "fixed-term employee (on a contract with a set completion date)".

Source: LSAC Wave 1.5 (PLAS), 2005; Baxter, in press

second or subsequent births were less likely than first-time mothers to have access to parental leave.

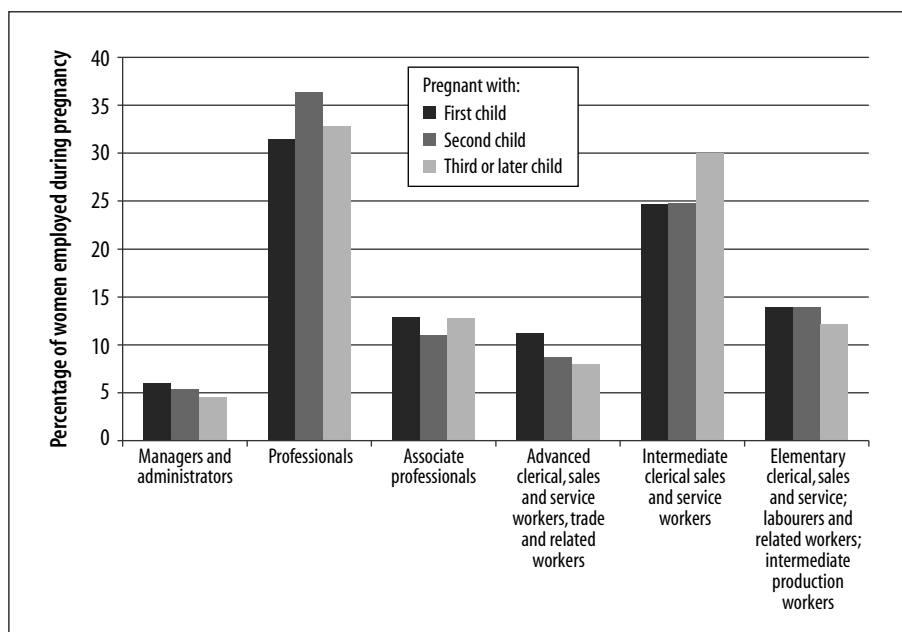
- More highly educated mothers were more likely to be employed in permanent jobs.
- Women with the lowest-earning or not-employed husbands were more likely to be employed in casual jobs than other women. Women with low-earning husbands were the most likely to be self-employed.

Women employed in "higher status" jobs were likely to have better access to leave and greater negotiating power over their return-to-work options.

Figure 6 shows that women employed in pregnancy, regardless of whether pregnant with their first or later child, were most often employed as professionals (which includes nurses, teachers and accountants—the top three occupations in this occupation group) or as intermediate clerical, sales and service workers (which includes general and accounting clerks, receptionists and childcare workers).

The main points to be taken from this section are that:

- there was a great deal of diversity in the employment arrangements of women employed during pregnancy; and



Source: LSAC Wave 1.5 (PLAS), 2005

Figure 6 Women employed during pregnancy: Occupation group by birth order

- a significant proportion of women were not in paid employment while pregnant and therefore were not likely to directly benefit from a parental leave scheme. This was particularly true for women who were building on rather than starting their families.

It is possible that statutory paid maternity leave may encourage some women to increase their engagement in paid employment in the lead-up to an expected birth, and may help them to return to work between births or after completion of childbearing. However, such a change would also be influenced by the availability of child care and jobs with family-friendly conditions. And regardless of the nature of the parental leave scheme, it is likely that there will still be a significant number of mothers who elect to stay out of the labour market, given a strong preference by many to devote their time to full-time care of children during this life cycle stage.

4. Parental use of leave following childbearing

This section provides information on the extent to which women are eligible for and use leave around childbearing. The characteristics of mothers who had and did not have access to leave are compared. For mothers who did not use leave, the reasons they gave for not using leave are outlined. Finally, the use of parental leave by fathers is briefly described.

In LSAC Wave 1 data, among employed (but not self-employed) parents with an infant, 43% of mothers and 41% of fathers said their employer provided them with paid maternity or parental leave. Unfortunately, LSAC did not collect this information for parents who had not returned to work by the time of the interview. While this is likely to make little difference to analyses relating to fathers, mothers who had not returned to work at the time of the survey may have had different rates of access to maternity leave.

In the remainder of this section we refer to information on leave use, which was available for all respondents to Wave 1.5 of LSAC.

Mothers' use of leave

The use of leave varied according to the type of employment women were in while pregnant (Table 2). Women permanently employed while they were pregnant were more likely to use paid leave⁵ (13.6% paid leave only and 55.7% both paid and unpaid leave) than women who were casual employees (1.0% paid leave only and 1.4% both paid and unpaid leave) and those who were contract employees (13.8% paid leave only and 11.7% both paid and unpaid leave).⁶

A similar proportion of women who were permanently employed and those who were contractors while pregnant used unpaid leave only (19.2% and 18.3% respectively). However, contractors had the same rate of using no leave as casual employees (both 56.3%), whereas only 11.5% of permanent employees used no leave.

Table 2 Use of leave following childbearing by type of employment while pregnant

	Leave use			
	Paid leave only	Both paid and unpaid leave	Unpaid leave only	No leave
	%			
Permanent	13.6	55.7	19.2	11.5
Casual	1.0	1.4	41.2	56.3
Contract	13.8	11.7	18.3	56.3
Total employed during pregnancy	10.9	41.1	24.2	23.8

Note: Percentages do not always add up to 100% due to rounding. Those who were self-employed are excluded from this table. Both job type and leave use are self-reported. This is the probable reason for the small number of casual employees (who you would not expect to have access to paid leave) who report being on paid leave.

Source: LSAC Wave 1.5 (PLAS), 2005; Baxter, in press

5. Paid leave and unpaid leave include types of leave other than maternity leave.

6. Self-employed workers have been excluded from this table. These workers predominantly reported to use no leave (54.7%), or unpaid leave only (37.4%).

The use of leave varied according to other job characteristics, such as the size of the business in which women were employed while pregnant, the amount they were paid, their occupation and the number of hours worked (Table 3).

Part of the variation in leave use across these job characteristics can be explained by differences in rates of permanent employment across these characteristics. Women working in larger businesses were more likely to be permanent employees, and more likely to use a combination of paid and unpaid leave than women working in smaller businesses. Women working in the smallest businesses were less likely to be in permanent jobs.

Permanent jobs were more common among higher-earning jobs, and in these jobs women were most likely to use both paid and unpaid leave or only paid leave. In the lowest earning jobs, women were more likely to use no leave or only unpaid leave.

Similarly, managers and professionals were more likely than other workers to use only paid leave, or a mixture of paid and unpaid leave.

Very few women who worked less than 20 hours per week during pregnancy used only paid leave, although one-quarter used both paid and unpaid leave. Women working longer hours were more likely to use paid leave, and less likely to use no leave.

Eighty per cent of women who took paid maternity leave were paid at their normal rate of pay for that time. Women who earned higher incomes while pregnant were more likely to take their maternity pay at a reduced rate—of those who used paid maternity leave and earned \$1,000 a week or more (gross, before tax or other deductions were taken out) while pregnant, 25% were paid at a reduced rate of pay.

More than half of the women who were employed in casual or contract jobs while pregnant used no leave and about 10% of permanently employed women did not use any leave (Table 2).

In LSAC Wave 1.5, all mothers were asked what would have improved things in the period of the birth of their child (they were given a list of 11 options to choose from). Of mothers who were employed while pregnant, about half said that some or more paid maternity leave would have helped, while just 8% said that some or more unpaid maternity leave would have helped.

Women who were employed during pregnancy but used no leave were actually less likely than other previously employed women to have said paid or unpaid maternity leave would have helped. Within this “no leave” group, 24% said paid maternity leave would have helped and 2% unpaid maternity leave would have helped.

Fathers and parental leave

Fathers tend to take a much more limited absence from work on the birth of a child. Unlike mothers, their patterns of employment at this time do not vary with the age of the infant, with the majority of fathers at work and employed full-time, even with infants aged a few months old (Baxter et al., 2007).

Overall, according to LSAC Wave 1.5, among fathers who were employed at the time of the interview (Figure 7):

- 26% had used parental leave following the birth of the child; 49% took some leave but not parental leave and 25% took no leave;

Table 3 Use of leave following childbearing by pre-birth job characteristics and leave use (%)

	Employment status	Leave use			
	Permanent	Paid leave only	Unpaid leave only	Both paid and unpaid leave	No leave
Size of business					
< 20 employees	55.5	7.9	36.5	16.5	39.1
20–99 employees	64.6	8.3	25.3	31.8	34.6
100–499 employees	76.5	8.3	25.6	47.4	18.7
≥ 500 employees	83.4	14.2	15.6	58.2	11.9
Earned income (gross)					
< \$500 per week	47.7	4.1	34.1	23.2	38.6
\$500–999 per week	84.2	12.9	20.4	48.9	17.8
≥ \$1000 per week	92.5	18.7	12.3	58.7	10.4
Occupation					
Manager/professional	79.3	13.7	17.9	52.6	15.9
Other occupation	66.4	8.8	28.1	33.4	29.8
Hours worked					
< 20 hours per week	40.9	3.1	32.5	25.9	38.5
20–34 hours per week	62.2	7.2	27.6	36.1	29.1
≥ 35 hours per week	86.5	14.9	19.6	48.5	17.0
Total	71.4	10.6	24.2	41.1	24.1

Note: Excludes women who were not employed or who were self-employed prior to the birth. Percentages do not always add up to 100% due to rounding.

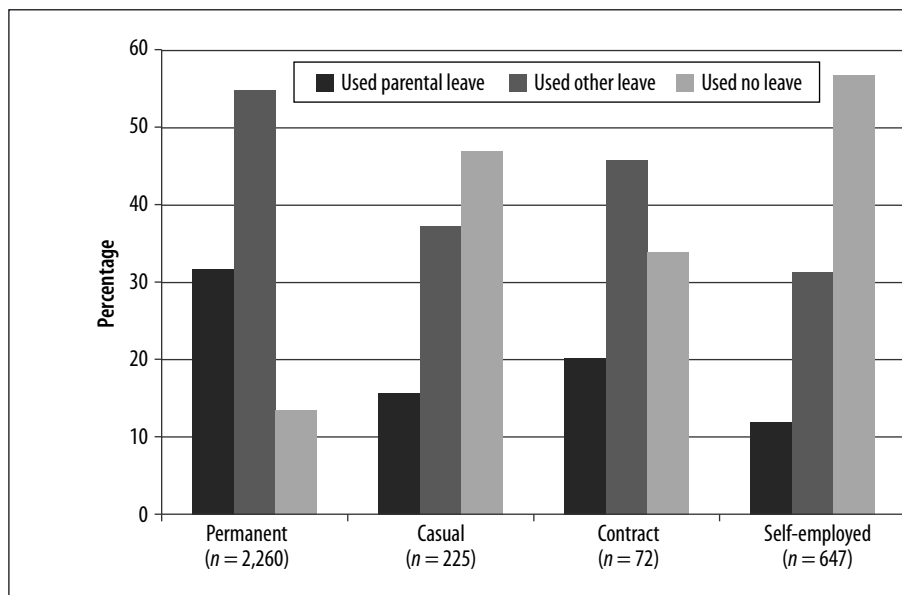
Source: LSAC Wave 1.5 (PLAS), 2005; Baxter, in press

- use of parental leave was greatest among fathers employed in permanent jobs (32% used parental leave); and
- taking no leave was most likely among self-employed fathers (57% used no leave).

Mothers whose partners used leave other than parental leave were asked the reasons why. The most common reasons were that paid paternity leave wasn't available (46%) and that the partner wasn't eligible for paternity or parental leave (22%).

For fathers who used no leave, the most commonly specified reasons for this were that the father was self-employed (47%), the mother was at home full-time (37%), and the father's work was too demanding (24%).

In the LSAC Wave 1.5, mothers were asked which of a range of policy options would have improved things in the period of the birth of their child. About one-quarter said that more or some paid paternity/parental leave would have helped, while very few (3%) said that more or some unpaid paternity/parental leave would have helped.



Source: LSAC Wave 1.5 (PLAS), 2005

Figure 7 Fathers' use of leave at the time of the child's birth

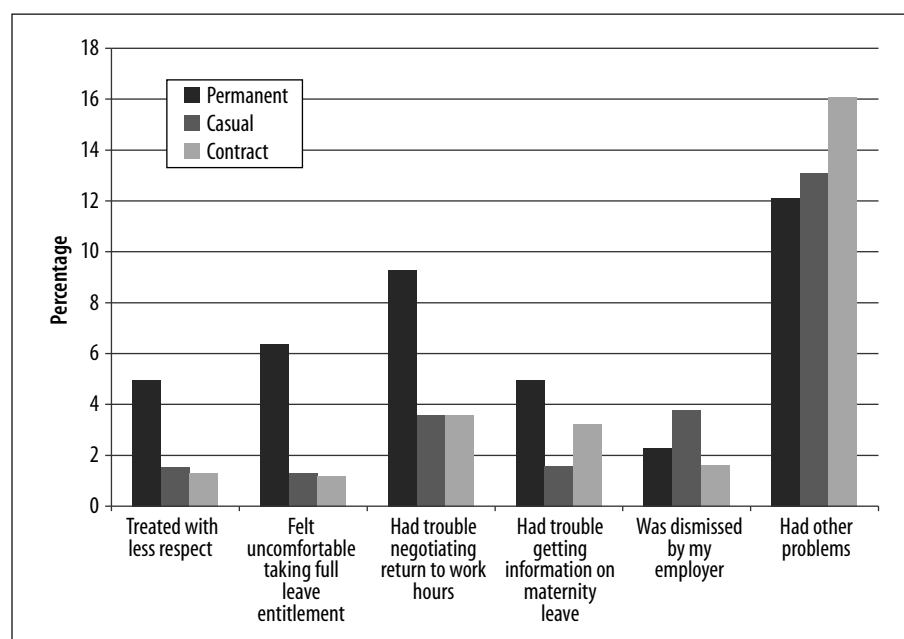
5. Planning leave use and return to work following childbearing

The LSAC survey provided information about the difficulties employed women might have faced at work while pregnant (Figure 8).⁷ The categories asked about were: treated with less respect, felt uncomfortable taking full leave entitlement, had trouble negotiating return to work hours, had trouble getting information on maternity leave, was dismissed by employer, as well as other problems.

About three-quarters of women said they had none of these difficulties, with higher proportions of casual and contract workers saying they had no difficulties.

Permanent workers were more likely than casual or contract workers to face difficulties relating to leave use and return-to-work hours.

Overall, 6% of permanently employed women were uncomfortable taking their full leave entitlement.



Note: Excludes mothers who were self-employed.

Source: LSAC Wave 1.5 (PLAS), 2005

Figure 8 Difficulties faced at work while pregnant

The 2005 ABS Pregnancy and Employment Transitions Survey also provided information on the difficulties faced by women who were employed while pregnant, but with slightly different response options, which can provide some clues as to what might be in the “other difficulties” category reported in the LSAC survey (ABS, 2005, Table 7). In the ABS survey, 9% of women reported missing out on training or development opportunities, 9% receiving inappropriate or negative comments, and 7% missing out on opportunities for promotion.

7. This information was not collected for self-employed women.

6. Return to paid work after childbearing and leave use

The relationship between parental leave and returning to work after having a child is complex. Not having any leave entitlement (paid or unpaid) or only having unpaid leave may lead women to return to work sooner than they would like, or sooner than is optimal for maternal or child health.

Although the Australian income support system does provide financial support to families, with much higher levels of support to low income families, having access to a period of paid leave may allow mothers to delay returning to work.

It is clear that being able to take leave without the risk of job loss is important in keeping women attached to the labour market and in reducing the foregone earnings from childbearing (Berger & Waldfogel, 2004; Rønsen & Sundström, 2002; Stanfors, 2006; Waldfogel, Higuchi, & Abe, 1999). However, an important question is the extent to which paid, as opposed to unpaid, parental leave will impact upon the timing of returning to work following the birth of a child. The literature from the OECD cannot be directly used to address the question of the likely impact of introducing statutory paid parental leave in Australia. This is because the international literature generally compares the impact of having paid leave to having no leave at all (paid or unpaid), whereas in the Australian context, the relevant comparison when assessing the impacts of statutory paid parental leave is to compare paid leave with unpaid leave.

Some insights into this question can be obtained by comparing the rates of returning to work following childbearing for women who use paid leave only, a mixture of paid and unpaid leave, and unpaid leave only.

Employment and leave after childbearing

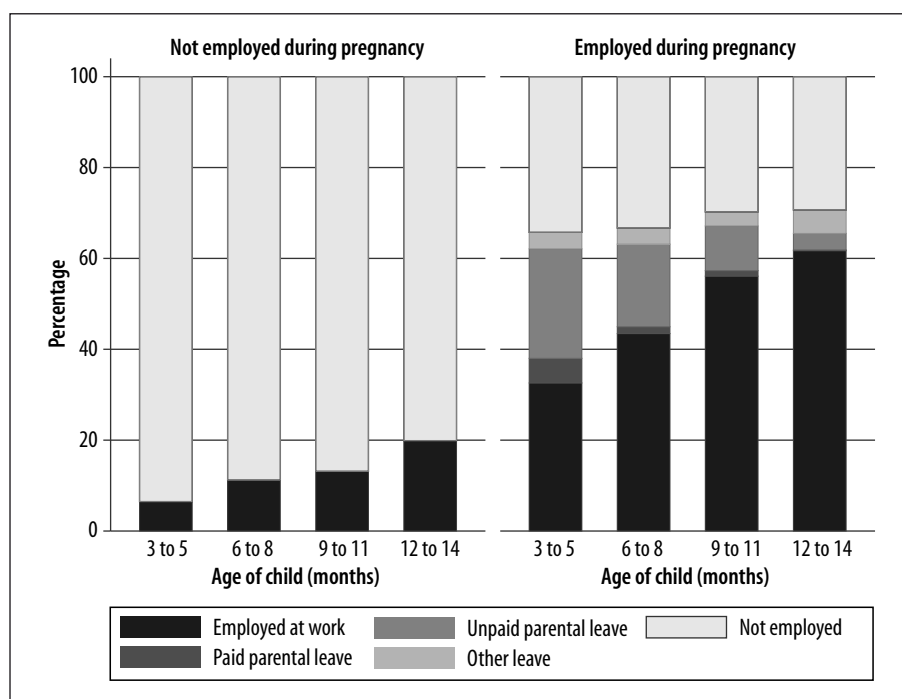
One of the most important predictors of whether a mother is employed following the birth of a child is whether they were employed while pregnant (Figure 9; see also Baxter et al., 2007).

Among mothers who were employed while they were pregnant:

- 23% of those with a 3–5 month old child were back at work, and 20% were on leave (3% paid parental leave, 15% unpaid parental leave and 2% other leave);
- 31% of those with a 6–8 month old child were back at work, and 14% were on leave (1% paid parental leave, 11% unpaid parental leave and 2% other leave);
- 40% of those with a 9–11 month old child were back at work, and 9% were on leave (1% paid parental leave, 6% unpaid parental leave and 2% other leave); and
- 45% of those with a 12–14 month old child were back at work, and 5% were on leave (2% unpaid parental leave and 3% other leave).

Among mothers who were not employed while they were pregnant:

- 7% of those with a 3–5 month old child were employed;
- 11% of those with a 6–8 month old child were employed;



Note: Data are also given in Appendix Table A1.

Source: LSAC Wave 1, infant cohort, 2004

Figure 9 Women's employment and leave type, by age of infant and whether employed in pregnancy

- 13% of those with a 9–11 month old child were employed; and
- 20% of mothers with a 12–14 month old child were employed.

Given that women who have second and subsequent children were less likely to be employed while pregnant than women having their first child (Figure 4), the rates of employment following the birth of a first child differ to those following subsequent births (Figure 10).

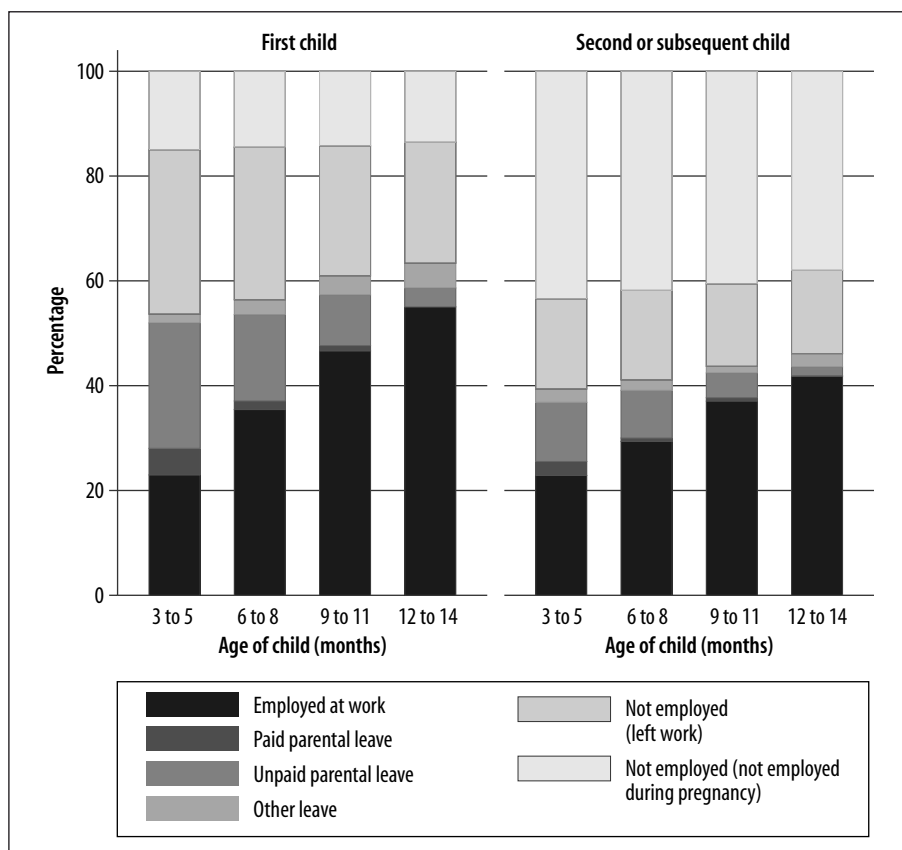
Return-to-work transitions

The LSAC Wave 1.5 can be used to analyse patterns of return to work over the first 18 months after the birth of a child.⁸ Figure 11 shows the proportion of women who returned to work at each month in the first 18 months after the birth of the child (scale on the left-hand axis) and the probability of returning to work within each month for women who had not returned to work (the “hazard” of returning to work).

The proportion of women returning to work each month was fairly constant until the child was about 12 months of age. It then increased at a slower rate:

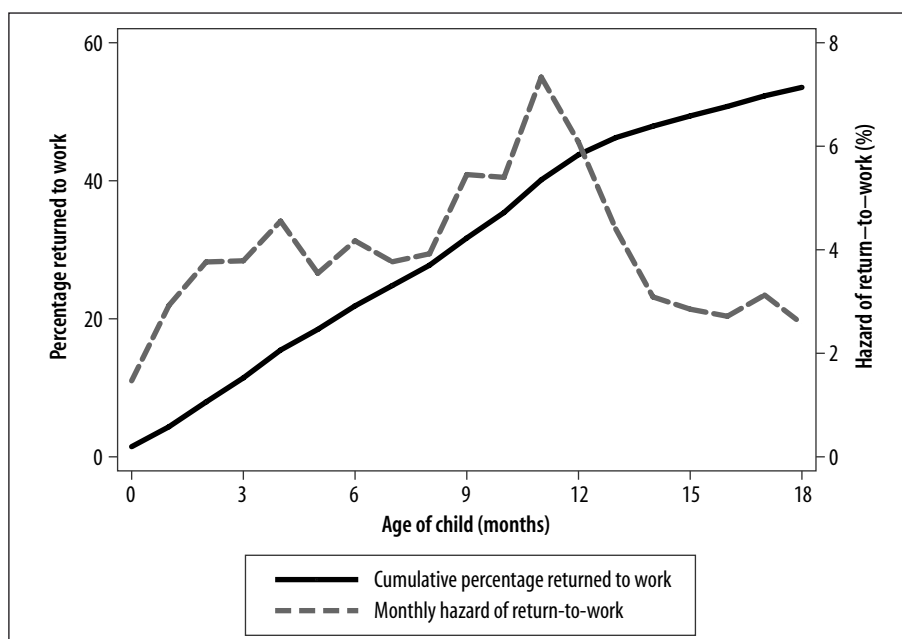
- 2% of mothers with a child aged less than 1 month were in paid employment;
- 11% had returned to work by the time their child was 3 months old;

8. The information in this section is drawn from work by Dr Baxter that will be published by the Institute in the near future (Baxter, in press).



Note: Data are also given in Appendix Table A2.
Source: LSAC Wave 1, infant cohort, 2004

Figure 10 Women's employment and leave type, by age of infant and whether first, second or subsequent child



Source: LSAC Wave 1.5 (PLAS), 2005; Baxter, in press

Figure 11 Women's return to work after childbearing

- 22% had returned to work by the time their child was aged 6 months old;
- 44% had returned to work by the time their child was 12 months old; and
- 54% had returned to work by the time their child was 18 months old.

The hazard rate shows that around age 11 to 12 months was the peak time of returning to work, which is consistent with the duration of unpaid leave available to many women employed during pregnancy.

The patterns of return to work following childbearing can be analysed according to the type of employment while pregnant (permanent, casual, contractor, self-employed and not employed) and the use of leave (paid leave only, a mixture of paid and unpaid leave, unpaid leave only, and no leave) (Figures 12 and 13).

Being employed prior to the birth was a very strong predictor of the timing of return to employment after the child's birth (see Figure 12).

The self-employed were much more likely than the other groups to return to work while their child was very young. They were more likely to return to work 18 months after the birth of the child than the other groups.

Up until the child was about 9 months of age, there was little difference in the rate of return of women who were permanent employees, casual employees or contractors while pregnant.

After the child was 9 months of age, the women who were permanent employees while pregnant were more likely to have returned to work than the women who were casual employees or contractors.

Eighteen months after the birth of the child, the proportions who had returned to work were:

- 13% for those not employed while pregnant;
- 84% for those who were self-employed;
- 76% for permanent employees;
- 64% for contract workers; and
- 58% for casual employees.

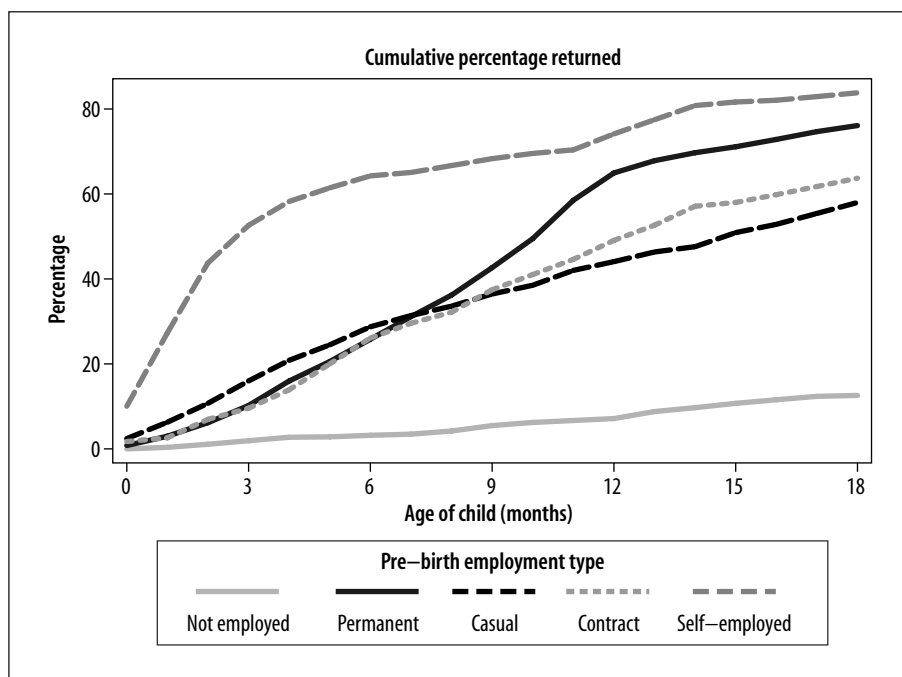
Women who used leave (paid or unpaid) were more likely than women who did not use leave to have returned to work 18 months after the birth of the child.

Within the first 12 months after a birth, there were differences in rates of return to work according to whether the leave was only paid, only unpaid or a combination of paid and unpaid. However, 18 months after the birth, differences in the proportion having returned to work according to type of leave were quite small. Taking only paid leave rather than only unpaid leave was associated with a slightly higher rate of return to work (83% and 77% respectively) by 18 months after the birth. Of those who used a combination of paid and unpaid leave, 80% had returned by 18 months after the birth.

Other information about return to work

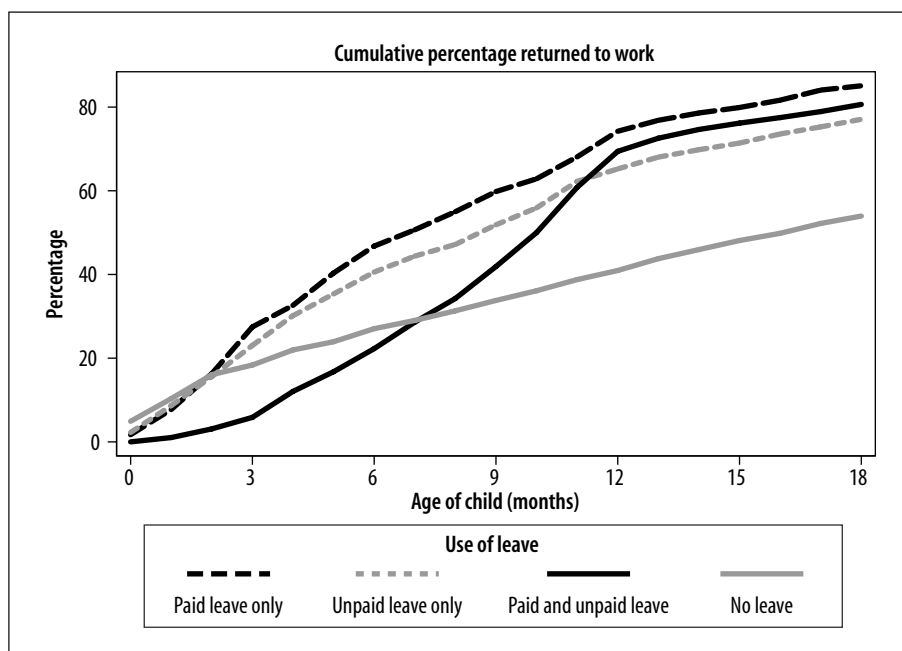
In Wave 1.5 of LSAC, women who had returned to work were asked their reasons why (Figure 14).⁹ While decision-making about returning to work is perhaps more complex than can be reflected fully through survey data, these responses give some insight into the factors women took into account.

9. This analysis is taken from a paper to be presented at the forthcoming conference of the Australian Population Association (Baxter, forthcoming).



Source: LSAC Wave 1.5 (PLAS), 2005, extract from (Baxter, in press)

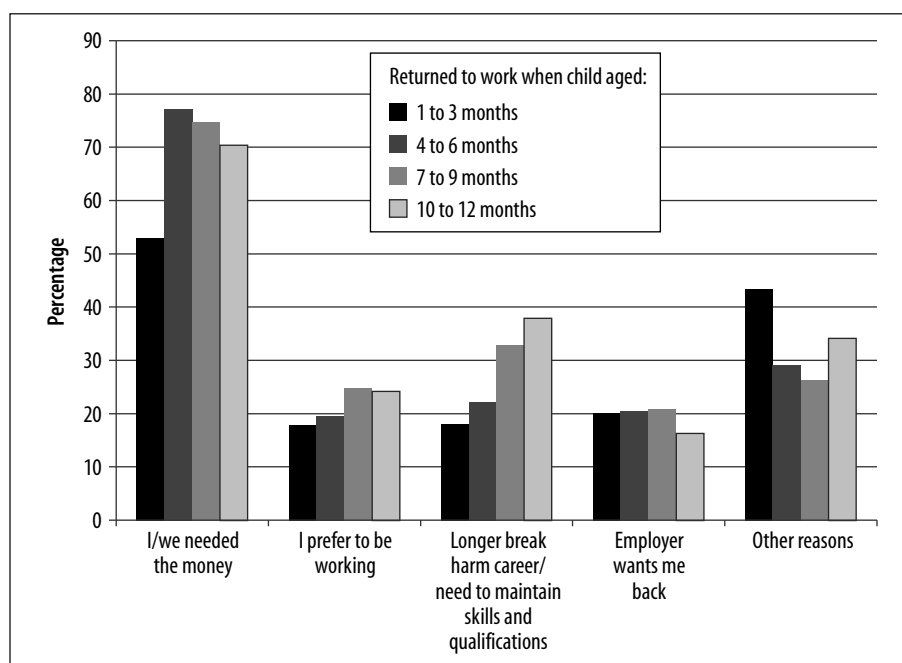
Figure 12 Womens' return to work, by type of employment while pregnant



Note: Excludes women who are not employed or self-employed during pregnancy.

Source: LSAC Wave 1.5 (PLAS), 2005, extract from (Baxter, in press)

Figure 13 Womens' return to work, by type of leave used



Source: LSAC Wave 1.5 (PLAS), 2005

Figure 14 Reasons for return to work, by age of infant at return, women who returned to work while child was aged 12 months or less

- The most common reason given was that “I/we needed the money” (68% of mothers who had returned to work by the time of the child’s first birthday).
- This reason was less often given by those who returned to work in the first 3 months than those returning between 4 and 12 months (although 53% of these mothers said “I/we needed the money” was a reason for returning to work). Women returning to work in the first 3 months were more likely than other mothers to give “other reasons”. Closer examination of these “other” reasons shows that many were self-employed mothers who simply gave self-employment as their reason for return to work.
- Saying they returned because a longer break would harm their career or that they wished to maintain skills or qualifications was least likely among those returning to work early, increasing in importance among mothers returning between 10 and 12 months after the birth.

Stating that the return to work was for financial reasons, however, did not always mean that these women would have preferred a longer absence for work. As shown in Table 4, of women who used some leave and returned to work while their child was aged up to 12 months, 44% said they returned to work earlier than they would have liked because they needed the money.

Of those who said they returned to work because they needed the money, 59% said they returned earlier than preferred for this reason. This means 41% of those who gave financial reasons as a reason for return to work did not say they returned earlier than preferred for financial reasons.

Table 4 Reasons for return to work and constraints on timing of return, mothers who used leave and returned to work when child was aged 12 months or less

	Returned to work earlier than would have liked ...	
	because worried about job	because I/we needed the money
	%	
I/we needed the money	8	59
Prefer to be working	7	26
Longer break harm career or needed to maintain skills/ qualifications	12	31
Employer wants me back	12	43
Other reasons for return	10	29
Total	8	44

Source: LSAC Wave 1.5 (PLAS), 2005

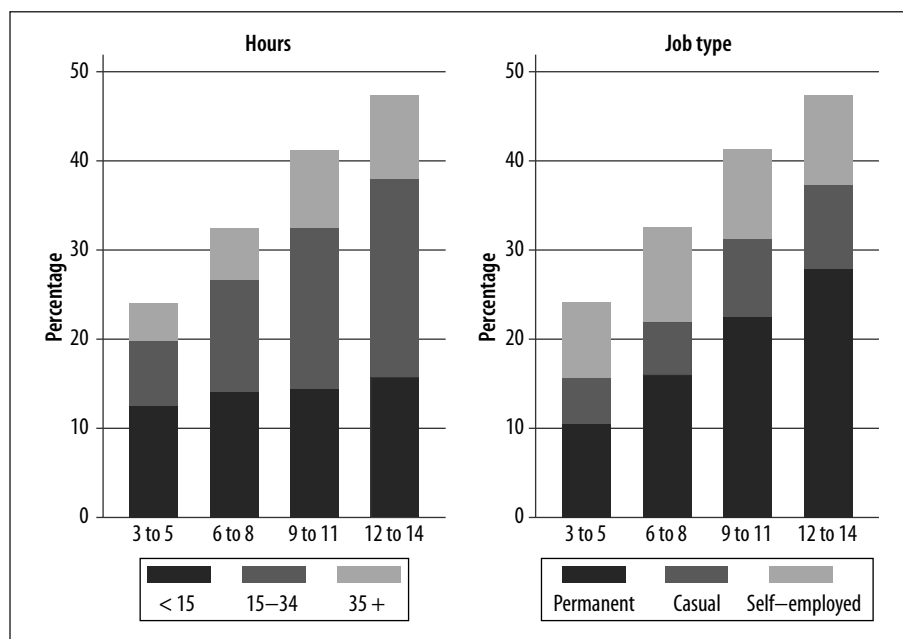
Those who used leave were also asked if they would have taken longer leave if they'd had access to some or more paid maternity leave, or unpaid maternity leave. Overall, 39% said they would have taken longer leave if they had had some or more paid maternity leave. Surprisingly, this figure was lowest (31%) for those who used only unpaid leave, with higher rates for those who had used paid leave, either on its own or combined with unpaid leave (40% and 45% respectively). Fewer women said that they would have taken longer leave if they had had access to more unpaid maternity leave (9% overall), with those who used both paid and unpaid leave most likely to say they would have taken longer leave (11%), compared to those who used only paid leave (4%) and those who used only unpaid leave (7%). Note though, that these questions are perhaps difficult to answer, and responses may be affected by women's beliefs about whether or not the leave could be taken by them.

Types of jobs returned to after childbearing

What is important to be mindful of when examining women's return to work is that this work is unlikely to be the permanent full-time work more often experienced before childbearing commences. As shown in Figure 15:

- short part-time hours predominated among those with a 3–5 month old child; also, as a proportion of those employed at this time, a relatively high proportion was self-employed;
- even among mothers with a 12–14 month old child, few worked full-time hours; and
- growth in the proportion in permanent jobs occurred as children got older, as women returned to jobs from which they were on leave.

These job characteristics were examined in detail in Baxter and Gray (2006).



Note: Contract workers were included with permanent employees.

Source: LSAC Wave 1, infant cohort, 2004

Figure 15 Hours worked and job type, by age of infant

7. Financial wellbeing by leave use

The LSAC data can be used to compare the financial wellbeing of families according to the mother's employment status, whether leave is used and, if used, the type of leave used (Table 5). The indicators of financial wellbeing used are: income support is main source of income; family is just getting along, poor or very poor; mother's income; father's income; and parental income.

Table 5 Financial wellbeing, by employment status while pregnant, and leave use, families with infants

	Paid working at time of interview	Paid parental leave	Unpaid parental leave	Not employed—left work	Not employed in pregnancy also	Total
	%					
Receives government support	74	54	71	87	92	82
Income support is main source of income	4	0	7	19	30	16
Just getting along, poor or very poor	32	21	36	43	45	39
	\$ per week					
Mother's income	528	615	232	167	227	335
Fathers' income	962	1089	1177	944	903	962
Parental weekly income	1420	1694	1336	1056	978	1201
No. of observations	1,899	53	440	975	1,605	5,093

Note: Excluded from this table are women who were on other types of leave at the time of the interview (e.g., recreational leave).

Source: LSAC Wave 1, infant cohort, 2004

In interpreting these results, it is important to bear in mind that those who use leave differ systematically from those who don't. Those that access paid leave are likely to come from "better" jobs. Further, higher educated or higher earning women are likely to be married to (or partnered with) men with similar characteristics. As a result, paid-leave families are likely to be better off financially than others, even without any immediate benefit of paid leave.

Families in which the mother was not employed—and not on leave—had the lowest levels of income and were the most likely to be reliant on income support payments and to say they were just getting along, poor or very poor. In these families, the fathers' income (in partnered families) was lower, on average, than in other families, indicating that the lower financial wellbeing of these families was not entirely due to the lower income of the mothers.

The next lowest total parental income was in families in which the mother was working. These families also had relatively low incomes for fathers, compared to those families in which the mother was on leave. Just under one-third of these families were considered (by the primary carer) to be just getting along, poor or

very poor. Clearly, the mother's employment wasn't always sufficient to guarantee a comfortable financial situation.

For families in which the mother was on leave, there was considerable variation in financial wellbeing, with those on unpaid parental leave being the most likely of these to say they were just getting along or worse. However, the father's income was relatively high in these families (which was probably part of the decision-making process involved in the mother's decision to be on unpaid leave). Not surprisingly, those families in which the mother was on paid leave fared quite well on the measures of financial wellbeing. As noted previously, this will be related not only to the financial contribution of this paid leave, but also to the higher income of fathers in these families.

8. Breastfeeding

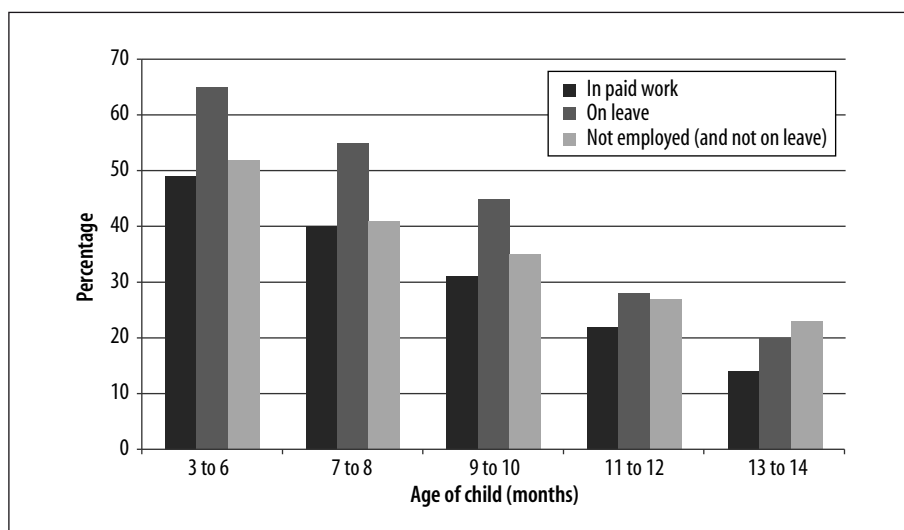
As discussed in the issues paper prepared by the Productivity Commission for this inquiry, a potential objective of a paid maternity leave scheme is to allow mothers to spend a longer period at home because of benefits for the health and wellbeing of the mother and the child. One important aspect for the child is that having the mother remain at home for longer may mean she is able to breastfeed for longer.

The LSAC survey provides data that allows the relationship between breastfeeding and maternal return to work to be analysed.

The proportion of mothers breastfeeding declined with the age of the child, from 54% of 3–6 month old infants to 18% of 13–14 months old infants. Mothers who were on leave (paid or unpaid) were the most likely to be breastfeeding for age groups up to 9–10 months. The rate of breastfeeding by women who had returned to work was similar to mothers who were not employed (and not on leave), although among mothers of older children, those who had returned to work were less likely to be breastfeeding than those who had not returned to work (Figure 16).

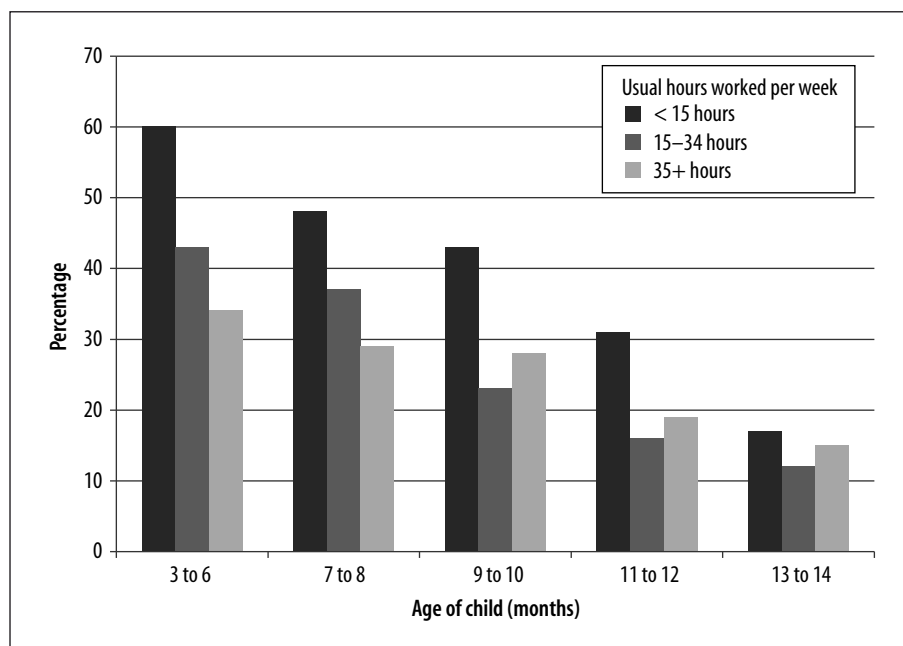
For employed mothers with an infant aged under 12 months, those working fewer than 15 hours per week were substantially more likely to be breastfeeding than those working longer hours (Figure 17).

When considering this issue, it is important to keep in mind that many factors beyond employment-related factors are associated with the likelihood of breastfeeding. For example, maternal education is a strong predictor of breastfeeding duration (see Cooklin, Donath, & Amir, 2008).



Source: LSAC Wave 1, infant cohort, 2004

Figure 16 Proportion of mothers still breastfeeding, by age of infant and work status



Source: LSAC Wave 1, infant cohort, 2004

Figure 17 Proportion of mothers still breastfeeding, by age of infant and number of hours worked, mothers who have returned to work

9. Parental wellbeing, parenting and gender equity

Are mothers and families better off when they have access to parental leave? Are there differences in how well parents see themselves as fulfilling the parenting role? Are there differences in the sharing of childrearing and other household tasks between parents?

Examining whether there are associations between parental leave use and family wellbeing is complex, as there are a number of factors likely to improve family wellbeing. Having access to parental leave, or perhaps paid parental leave, may be one factor, but it is likely that other family-level variables (such as financial characteristics) and employment-level variables (such as how much work interferes with family life) also play a significant role. More detailed analyses of these data would therefore be needed in order to fully understand the role of parental leave in explaining variations in family wellbeing.¹⁰

Table 6 shows how a number of wellbeing indicators differ for mothers according to whether they were back in paid work, were on paid or unpaid leave, had left work or were also not employed while pregnant. The measures considered are: whether the mother said they had many or very many difficulties, as opposed to having no, few or some difficulties; whether they said they were coping very or extremely well as opposed to coping not at all, a little or fairly well; and how often they felt rushed or pressed for time

Overall, for mothers there was very little difference in wellbeing according to work or leave status as indicated by “many or very many difficulties” or “coping very well”. Those who were not employed and also not employed during pregnancy were the least likely to say they were coping very well and had a slightly higher percentage reporting many or very many difficulties. Differences between those who were working and who were on leave were only very slight. There was a difference in the perception of being rushed, not surprisingly, with mothers in paid work most likely to report being often or always rushed.

Table 6 Mothers’ wellbeing by employment status while pregnant, and leave use, families with infants

	In paid work at time of interview	Paid parental leave	Unpaid parental leave	Not employed— left work	Not employed in pregnancy also	Total
	%					
Many or very many difficulties	7	5	5	7	8	7
Coping very well	59	58	59	60	53	57
Often or always rushed	47	34	38	32	36	40
No. of observations	1607	45	403	854	1276	1607

Note: Excluded from this table are women who were on other types of leave at the time of the interview (e.g., recreational leave).

Source: LSAC Wave 1, infant cohort, 2004

10. See, for example, analyses of relationships between parental employment and family wellbeing in Baxter et al. (2007).

Turning to some other measures, Table 7 includes an indicator based on the question: “Overall, which one of the following statements best describes how you feel about yourself as a parent?” The table shows the proportion reporting “a very good parent” or “a better than average parent” as opposed to “an average parent”, “a person who has some trouble being a parent” and “not very good at being a parent”. There is, once again, little difference between mothers who were in paid work and those on parental leave. Mothers who were least positive about themselves as parents were those not employed when they were pregnant or at the time of the interview.

About 60% of mothers thought that they did more or much more than their fair share of the childrearing tasks (as opposed to doing their fair share or less, or much less than their fair share). This was collected in the question: “Do you think that you do your fair share of the childrearing tasks (both physical and emotional care)?” Similarly, the same proportion said they did more or much more than their fair share of the domestic tasks. This was collected in the question: “Do you think that you do your fair share of the domestic tasks (housework, home maintenance, shopping and cooking)?” Not-employed mothers were the most likely to say they did more than their fair share of childrearing tasks, along with those on unpaid parental leave.

Table 7 Mothers: Parenting and sharing of unpaid work, families with infants

	Paid working at time of interview	Paid parental leave	Unpaid parental leave	Other leave	Not employed —left work	Not employed in pregnancy also	Total
	%						
Mother: Better than average parent	71	73	74	81	73	69	71
Mother does more than fair share of childrearing	59	52	63	61	64	66	62
Mother does more than fair share of domestic tasks	61	70	58	56	60	64	61
No. of observations	1529	44	385	103	761	1088	3910

Source: LSAC Wave 1, infant cohort, 2004

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11. Appendix

Table A1 Women's employment and leave type, by age of infant and whether employed in pregnancy (percentage)

	Paid working at time of interview	Paid parental leave	Unpaid parental leave	Other leave	Not employed	Total
%						
Not employed while pregnant						
3 to 5	6.5				93.5	100.0
6 to 8	11.2				88.8	100.0
9 to 11	13.1				86.9	100.0
12 to 14	19.9				80.1	100.0
Employed while pregnant						
3 to 5	32.6	5.4	24.1	3.6	34.3	100.0
6 to 8	43.5	1.5	18.2	3.6	33.3	100.0
9 to 11	56.1	1.2	9.8	3.1	29.8	100.0
12 to 14	61.7	0.2	3.6	5.2	29.3	100.0
Total						
3 to 5	22.9	3.4	15.2	2.3	56.3	100.0
6 to 8	31.0	0.9	11.1	2.2	54.8	100.0
9 to 11	39.6	0.7	6.1	1.9	51.7	100.0
12 to 14	45.4	0.1	2.2	3.1	49.1	100.0

Source: LSAC Wave 1, infant cohort, 2004

Table A2 Women's employment and leave type, by age of infant and whether first, second or subsequent child (percentage)

	Paid working at time of interview	Paid parental leave	Unpaid parental leave	Other leave	Not employed	Total
%						
First child						
3 to 5	23.0	5.1	23.9	1.7	46.3	100.0
6 to 8	35.3	1.6	16.4	2.8	43.9	100.0
9 to 11	46.5	1.0	9.7	3.6	39.2	100.0
12 to 14	55.0	0.0	3.6	4.7	36.6	100.0
Second or subsequent						
3 to 5	22.9	2.7	11.3	2.6	60.6	100.0
6 to 8	29.3	0.7	9.1	2.0	58.9	100.0
9 to 11	36.9	0.6	4.7	1.3	56.5	100.0
12 to 14	41.7	0.2	1.7	2.5	54.0	100.0

Source: LSAC Wave 1, infant cohort, 2004