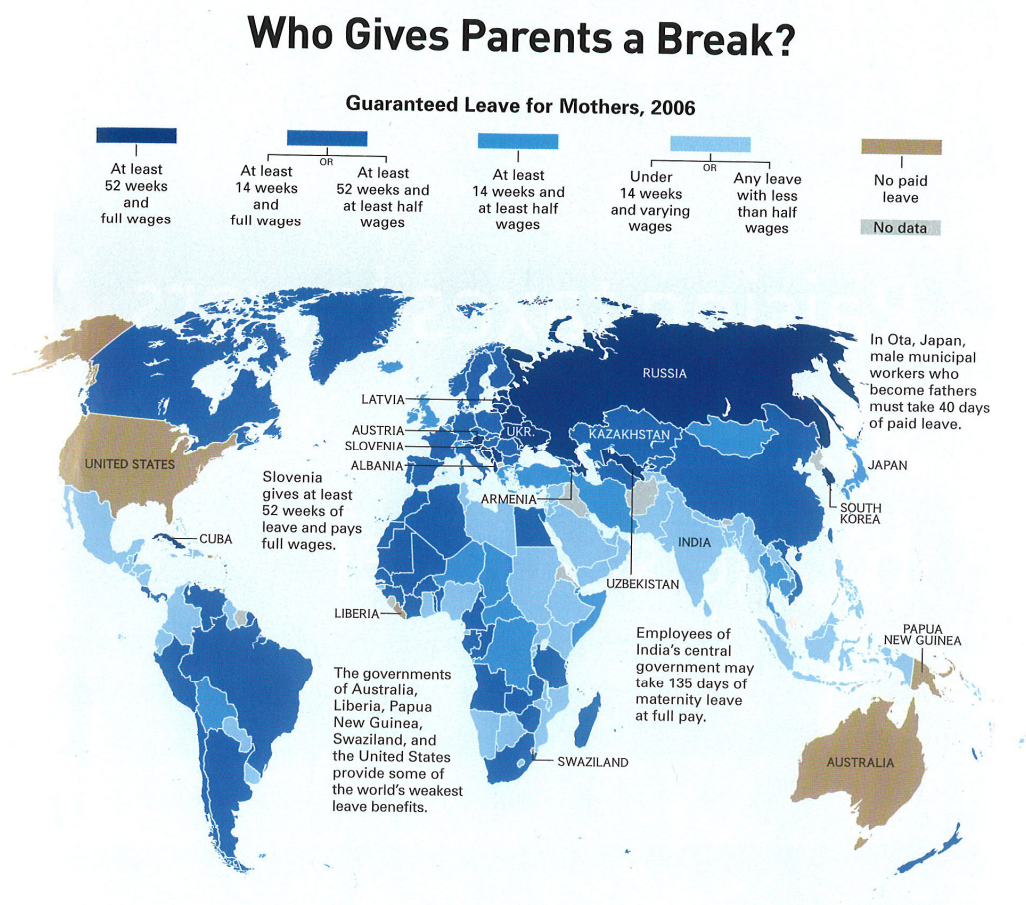


Evaluating models of paid parental leave (PPL)

The Business and Professional Women Sydney Club would like to submit the following to the Australian Federal Government's productivity commission on Paid Parental Leave or PPL.

The following submission has been made by various women, who are members of the Sydney Club of BPW, from various professional backgrounds, ages, stages in their lives and employment status (i.e. PAYG or self employed). This submission is a collective and consensus report on our thoughts on PPL and how it should be implemented, with references researched and sited from locally and internationally sourced articles and websites (bibliography is at the end) to support our arguments.

We would also like to illustrate our argument for PPL with this diagram sourced from the "National Geographic Magazine" of an unknown publication date.



Australia lags behind the developing nations of both Africa and South America in the support that is provided to families during the pre and post natal periods. These developing nations realise the importance of economic and social support to young families. Government and industry is concerned at the declining birth rates in the developed western world, including Australia, and the effect that this will have on industry and society more broadly, yet there is little in the way of support to help families in Australia.

Evaluating models of paid parental leave	
<i>What ought to be the objectives of a paid parental leave scheme?</i>	<ul style="list-style-type: none"> • Equitable • Flexible • Non gender specific • Non means tested
<i>What are the implications of these objectives for the design of the scheme?</i>	The implications for the above objectives are that the Paid Parental Leave (PPL) scheme must be funded via a Medicare-type levy through the Australian Tax System (ATS), to ensure that it is equitably collected and distributed.
<i>In assessing different schemes that have different effectiveness in achieving such multiple objectives, what weight should be given to each of the various objectives?</i>	<ol style="list-style-type: none"> 1. flexibility 2. equity 3. non gender specific 4. non means tested <p>There is no conflict between the objectives</p>
<i>How should the various objectives be traded-off against one another if they conflict?</i>	
<i>What assessment criteria should be used to assess the merits of different models of paid parental leave?</i>	<p>Do they meet the needs of the child and parent?</p> <p>Will they encourage the parent(s) back into the paid workforce?</p> <p>Will it encourage more children to be born into loving families?</p> <p>Not researched.</p>
<i>Are there existing studies that provide lessons on how to undertake rigorous assessment of options in this area?</i>	
<i>For each objective, can you foresee any possible unintended consequences from the introduction of a paid parental leave scheme?</i>	<p>Parents may not decide to return to work at the end of the PPL entitlement and/or at the end of the paid /unpaid leave entitlement. They may return to paid employment, but not with the same employer as before – however this happens currently dependent upon the needs of the family, organisational culture and the flexibility of the employer.</p> <p>The parent that takes the paid (or unpaid) leave may lose some of their skills if they participate in a fast paced industry and are on leave for an extended period of time – some flexibility with regard to the leave entitlement by the government between parents, may make it easier for staff with these issues to return and retain skills.</p>
<i>What could be done to avoid or reduce the impact of any unintended consequences?</i>	To help retain staff after and during the parental leave the organisation should keep in close contact with the staff member during their time of leave, offer ongoing training to help retain skills & ties to the organisation and help facilitate the return of the staff member to work. A flexible re-entry to the organisation e.g. part-time work for the first few months is a great way to reintroduce the staff member back into the organisation. A flexible and understanding management regime with regard to all staff will help facilitate the return to work and reduce the impact of staff returning to work for the family, the individual and the organisation.
<i>What type of eligibility tests should be established?</i>	<p>Are the parent(s) applying for paid parental leave Australian citizens?</p> <p>Do the parents have a job (PAYG) or business (self employed) that they need to take leave from to take care of a child; natural child 0 to 2 years old or adopted child under 6 years old?</p>

<p>Who should be eligible?</p> <p>Should the eligibility test be designed to encourage ongoing workforce attachment? How could this be done?</p> <p>Should other prime carers, such as grandparents, foster and adoptive parents, also be covered?</p> <p>Should any support of a similar nature be extended to non-working parents?</p>	<p>Only one parent at a time should be eligible for the PPL, but it should be available to either parent, or one parent and then the other parent within the PPL entitlement period.</p> <p>On going workforce attachment, would be difficult to legislate for as issues arise within families and organisations that may not make it possible for the parent to return to the paid workforce &/or with the pre birth employer. However, if the PPL was paid to the parent via the pre leave employer (who would then claim the payments back from the government) then this would aid in staff retention as there is a tie via a communication channel between employer and employee during the time of leave .</p> <p>All prime care givers should be eligible, as long as they meet the criteria above and as long as it is only one prime care giver at a time, within the allotted paid time period, that is eligible and paid.</p> <p>PPL entitlement is based on a person(s) having been in the paid workforce, if the parent was not in PAYG or self employed prior to the birth of the child, then there are other payments that would cover their needs e.g. single parent pension etc.</p>
<p>Should all employees be covered and if not, why not?</p> <p>What implications do different levels of coverage have for the effective administration of the scheme, the behaviour of employers and employees, and its impacts generally?</p> <p>Should there be a qualifying period — a minimum time spent in the workforce — before an employee becomes eligible for paid leave? If so, how long should that period be?</p> <p>Why? Should there be an eligibility period based on time with the employee's current employer?</p>	<p>Yes all employees, who are Australian citizens, should be covered.</p> <p>It would make it very difficult to administer a system that had various levels of cover, a basic system, with basic cover e.g. the New Zealand model would be a good entry level system to adopt. The PPL should be resourced via a levy (e.g. the Medicare levy) as a percentage of the gross salary or gross earnings of a self employed person and should be administered by Centrelink – keep it simple and equitable, and paid to the employee by their employer.</p> <p>Eligibility should be after a minimum of 1 year in the paid workforce or 1 year self employment. The employment should be applicable with a combination of employers, or employer(s) and self employment, not just a single organisation or situation. As the paid leave is to be derived from the ATS the person(s) should have contributed in some form to the ATS to be eligible.</p> <p>Self Employed - http://www.ers.govt.nz/parentalleave/self-employed/leave-entitlements.html. To be eligible for parental leave payments a birth mother/adoptive parent must establish that you have worked an average of at least 10 hours a week over the six or 12 months immediately before the expected date of delivery or adoption of a child. You must also meet the definition of self-employed, which means you must have been:</p> <ul style="list-style-type: none"> a) Providing goods or services for hire or reward under a contract for services b) Carrying on a business (including a profession, trade, manufacturing operation or an undertaking carried on for profit), including in partnership for another person, or c) Working for a trust in a business carried on by the trust. <p>Some people are engaged in more than one type of self-employed work – for example, bee-keeping and gardening. Where you do different types of work at the same time (concurrently) during a six or 12 month period, this is treated as one period of self-employment. Enabling you to group different types of work into one period of self-employment may help you meet eligibility criteria around the number of hours worked.</p> <p>Where you do different types of work one after the other (consecutively) during a six or 12 month period, this is also treated as one period of self-employment, as long as any breaks between this work are no greater than 30 days.</p> <p>It is your decision whether to apply under the six or 12 month criteria. In both cases you will be entitled to 14 weeks' parental</p>

	<p>leave payments. But if you have an inconsistent work pattern over the immediately preceding 12 months and do not meet the average hours of work criteria for this period, you may still meet the criteria over the six month period. The level of your parental leave payment may also differ depending on whether your average income is determined over 12 or six months.</p> <p>If you are eligible as both an employee and as a self-employed person (for example, a carer who works part-time for a residential care facility and who also privately provides weekend respite care), you can apply separately as an employee and a self-employed person to maximise your payment. However, your payment will not exceed the maximum amount. (http://www.ers.govt.nz/parentalleave/self-employed/paid-unpaid.html)</p>
<p><i>Should the rate of payment be linked to the employee's wage (either current or an average wage over a recent period)? If not, what basis should be used for the parental leave payment?</i></p>	<p>In a perfect world yes the payment should be linked to a person's current PAYG or self employed average self employment earnings, however a more simple and egalitarian system based on a basic wage is more realistic, e.g. the New Zealand System.</p> <p>Every post-natal female is different and every family has varying economic and dynamic variations, the leave entitlement should be as flexible as possible, e.g. a set payment amount over a set period in full-time equivalent (FTE) payments. The flexibility can come in on how it's paid e.g. FTE payments for 14 weeks, or part-time equivalent payments over a longer duration, but equal to the FTE. The FTE or PTE can be paid to either parent, or one parent and then the other up to the value of the full value of the FTE.</p>
<p><i>How long should a parent receive paid parental leave for? Why? What benefits would arise from longer or shorter periods of paid leave?</i></p>	<p>Six months FTE paid leave entitlement would be great, but at worst it should be at least 14 weeks FTE paid leave to enable more and better breast feeding (the breast feeding association is adamant about the benefits of breast fed children and the minimum requirements that a child should be breast fed http://www.breastfeeding.asn.au/bfinfo/index.html). The ability of a care giver to stay at home and care for a very young child, without added economic stressors enables the development of a well balanced, stress free child. Childcare is like going to 'work' for a small child and can be in some cases can be very stressful, especially if their parent(s) are guilty or stressed about sending them to childcare. Experts also stress the importance of children bonding to their parents - "the relationships children have with their caregivers play critical roles in regulating stress hormone production during the early years of life. Those who experience the benefits of secure relationships have a more controlled stress hormone reaction when they are upset or frightened. This means that they are able to explore the world, meet challenges, and be frightened at times without sustaining the adverse neurological impacts of chronically elevated levels of hormones such as cortisol that increase reactivity of selected brain systems to stress and threat. In contrast, children whose relationships are insecure or disorganized demonstrate higher stress hormone levels when they are even mildly frightened. This results in an increased incidence of elevated cortisol levels which may alter the development of brain circuits in ways that make some children less capable of coping effectively with stress as they grow up. (http://www.developingchild.net/pubs/wp/Stress_Disrupts_Architecture_Developing_Brain.pdf) PPL allows parents the economic ability and time to create these essential bonds with their child.</p> <p>The availability PPL would also reduce the issue of lack of available places in high quality Long Day Care for very young children. In many places there is a chronic shortage of childcare places for the 0 to 1 year age group as carer ratios are so high. Parents would have the economic option with PPL to be able to stay at home with their child, therefore not placing extra strain on the childcare industry.</p>
<p><i>At what time in the prenatal period should people be entitled to parental leave?</i></p>	<p>Prenatal access to the paid parental leave system should not be an issue, as the parent should be able to access paid sick leave if there is an issue due to their health or wellness prenatally. However, 2 - 4 weeks prior to the due date of the birth or adoption of the child paid parental leave should be available to the parent(s).</p> <p>Each parent being able to receive a separate entitlement would be fantastic (14 weeks FTE paid leave), and a wonderful opportunity for the child to be able to bond with both parents (childcare experts are finding the early months are critic for the bonding and later development of a child). In a worst case scenario the parents should be able to 'share', at alternate times, the</p>

<p><i>Should each parent have a separate entitlement for leave, or should there be an amount of leave to be shared between the parents? If the leave were to be shared, should there be an amount that is reserved for exclusive use by either parent?</i></p> <p><i>Is there a case for a different period of leave for parents of children in different circumstances (such as children born with a disability)?</i></p>	<p>one amount of paid leave entitlement in a FTE or PTE. No amount should be exclusive to either parent – flexibility in the arrangements are very important to equity and needs of individual families.</p> <p>Parents of children with disabilities should be able to access the same paid parental leave (if they otherwise qualify) and if further time is required then it should be assessed by the appropriately trained staff contracted by the government and other pensions / services should then come into play to support the family and the child/ren.</p>
<p><i>Should government contribute to the funding of the paid parental leave scheme? Should employers and/or employees contribute?</i></p> <p><i>If the cost were to be shared among employees, employers and the government, what basis should be used to calculate each groups contribution? If a scheme were to rely at least partly on direct employer funding, what mechanisms could protect worker entitlements in the event of insolvency?</i></p> <p><i>How would any national scheme interact with existing privately funded schemes?</i></p> <p><i>What are the likely costs of different schemes, how are these appropriately measured, who would ultimately bear them and does this influence the form of financing adopted?</i></p>	<p>The paid parental leave should be funded by a Medicare style levy (1 -2 % of gross income) of ALL PAYG and the self employed taxation earning, as having children is important to the succession planning of our society and industry alike. Those that do not wish to have children or are unable to have children will one day be supported either directly or indirectly (via taxes paid) by the children that are born and supported by the PPL levy of today, in their old age in the future.</p> <p>Not Applicable</p> <p>PPL should be totally funded by a quarantined levy for equity of collection, distribution and to protect it from unscrupulous organisations, or economic disaster.</p> <p>PPL is a societal issue, not an individual or direct business issue and should therefore be funded by society i.e. via our taxation system. We do not believe that small to medium enterprise (the largest employer in Australia) should be financially penalised, or forced into unequitable HR practices due to the introduction of PPL.</p> <p>Not Applicable</p>
<p><i>If employees and/or employers contribute to the scheme, is a pooled funding arrangement desirable?</i></p>	<p>Not Applicable</p>
<p><i>Should all employees who would be eligible under a national paid parental leave scheme also be accorded the right to return to their previous job?</i></p>	<p>Yes, in theory this eligibility to return to the same position post parental leave exists today, in the unpaid leave situation. The only exception being for very small organisations (less than 15 people), that would experience extreme hardship in covering a position for a long period of time, or in cases of a highly specialised skill or knowledge based position, where it would be difficult for an organisation to cover a position for a long period of time.</p>

<p>What are the costs and benefits of mandating this requirement?</p> <p>Should this requirement be the same in all circumstances? Should there be exceptions for particular types of jobs or particular types of employers (such as very small employers?)</p> <p>Should the rights accorded to the employee be different according to whether the period of paid leave is funded by the employer or the taxpayer?</p> <p>Should the qualifying period for parental leave be the same as any qualifying period for the right to return to work, or should a longer period apply in the latter case?</p>	<p><i>“The longer the duration of the employment of the substitute and thus the duration of maternity leave, the lower the recruiting cost per unit of employment time. Moreover, the substitute will have to get used to his or her work and full productivity will only be reached after some time. Thus, the slope of the substitution cost function is negative due to the effect of the duration of maternity leave. However, firm-specific human capital will play a major role for the level of substitution costs: If the amount of firm-specific knowledge needed in order to perform a certain job is significant, then a short term leave may not provide enough time for the substitute to acquire the skills needed or it may simply be too costly to train the substitute in the light of its short time horizon.”(p. 3, Alewell & Pull 2001)</i></p> <p>No different to the costs and benefits currently experienced under the unpaid parental leave situation.</p> <p>The paid leave should be funded by the government levy, therefore there is no difference in the rights of return.</p> <p>Not Applicable.</p> <p>The rights to PPL and the right to return to work should be exactly the same.</p>
<p>Family health and wellbeing</p> <p>To what extent (and why) would an increase in the availability and duration of paid parental leave significantly alter the quality of infant care and outcomes for the child?</p> <p>What is the appropriate duration of leave to maximise such benefits, and should any minimum period be mandated?</p>	<p>The PPL would enable parents to be better able to bond with their new child (natural or adopted), in a less economically stressed environment, increase the ease, ability and duration for breast feeding the baby, allow families to make more accessible choices with regard to childcare options within the family and take some pressure off Long Day Care Centres with regard to the need for caring for very young children.</p> <p>To maximise the benefits the paid parental leave entitlement should be 6 months FTE. 14 weeks FTE would be the minimum requirement of the paid parental leave requirement.</p> <p>Variations in child and parental welfare could be as varied as each individual family, flexibility in the Paid Parental Leave scheme should enable the variations in need and family welfare to be accommodated.</p>

<p>How do the impacts on child and parental welfare vary across different types of parents and children (for example, by family income, education and Indigenous status, gender of the carer, and for children with disabilities)?</p> <p>To what extent would the introduction of a paid parental leave scheme assist mothers in establishing and maintaining breastfeeding routines, and with what benefits?</p> <p>What are the key impacts of parental, as opposed to non-parental, care on the health and development outcomes for children?</p> <p>What complementary measures would reinforce the infant and parental welfare effects of paid parental care?</p>	<p><i>“more flexible work arrangements enabling mothers to work from home would help those with disabled children to participate to some degree in the labour force”</i> (p. 18 Dunkelberg & Spiess 2007)</p> <p>The Australian Breastfeeding Association is adamant regarding the benefits of breastfeeding: protects your baby from illness and infection; provides the correct food for your growing baby; aids the development of your baby’s eyesight, speech and intelligence; promotes a special loving bond between mother and baby (www.breastfeeding.asn.au/bfinfo/general.html), WHO recommends that children be breastfed for at least two years (www.breastfeeding.asn.au/bfinfo/toddler.html), PPL would increase the ease, ability and duration for breast feeding babies.</p> <p>No matter how good the non-parental care is, it does have some stressing effects (http://www.ericdigests.org/2003-4/stress.html) on very small children as the care is not from their parent. Putting a very small child into care can also be very stressful on the parent having to leave the very small child with a carer and stress in both cases can have detrimental health effects. When there are choices made with some flexibility and control the stresses can be less on all concerned. (http://www.developingchild.net/pubs/wp/Stress_Disrupts_Architecture_Developing_Brain.pdf)</p> <p>Some complimentary measure to the PPL would be ‘nil cost medical care for all children under the age of 5 years’. There are few doctors that bulk bill, medicine can be very expensive and developmental or other early interventions are expensive, but if not dealt with at an early age are even more costly to correct later on – these should all be free.</p>
Family income and parental employment	
<p>What factors deter fathers from taking more parental leave?</p>	<p>Social ‘norms’ – this is also true of European fathers that have had access to PPL for many years.</p>
<p>To what extent do income considerations, as opposed to the right to return to the same employer, play a part in the parental leave decisions of Australian families?</p> <p>What are the non-income benefits of continued work, and do they play a significant role in the parental leave decisions of Australian parents?</p>	<p>Living in any major capital city of Australia is very expensive and most families need the second income just to survive.</p> <p>Mental stimulation gained from paid work for many parents is an equal driving factor in their return to paid work. However, in many of Australia’s big cities the cost of living is the major driver for needing both parents to earn an income to cover mortgages and the cost of living.</p>
Broader labour market impacts of parental leave	
<p>To what extent will any new arrangements change the period of</p>	<p>It will depend upon the individual / family and the situation at the time as to how long the period of leave is. The better the employer, the better the relationship between employee and the employer the more likely the</p>

<p>absence from work?</p> <p>To what degree would parental leave affect job mobility (between employers and different jobs), increase productivity, labour participation and alter choices about a return to full-time or part-time work?</p> <p>Will the labour market impacts vary by sex, age, individuals versus households, ethnicity, disability, skill-level, lone-parent status or other employee characteristics – why and by how much?</p>	<p>person is to return.</p> <p><i>“women who have the right to a paid leave are much more likely to resume employment, and they do so almost three times as fast as other women in Sweden and more than twice as fast in Norway. ... Generally, it seems that a longer entitlement period such as the Swedish one in the 1980’s will enable more mothers to re-enter before the leave expires, resulting in higher overall re-entry rates. With shorter entitlements, as in Norway, a few women will return more quickly, but a larger number will end up outside the labour force because it is more difficult to reconcile work and motherhood when the baby is very young.” and “. . . for the UK, a young mother’s decision to return to the job is a function of her hourly pay, her educational qualifications, the provision of maternity pay, the type of employer (public vs. private) and the number of children. In an empirical study of about 250 dual earner households in the UK undertaken by BRANNEN/MASS (1991) about 50% of young mothers returned to work after maternity leave (42% fulltime, 9% part-time). The availability of parental leave obviously also plays a role.”</i></p> <p>(p. 17, Alewell & Pull 2001)</p> <p><i>“Our primary finding is that the leave expansions have had little effect on overall employment rates but have increased the amount of time that new mothers and fathers spend on leave. The effects vary by education group as well as gender. We find positive effects of leave legislation on mothers’ leave-taking in the birth month and the succeeding two months. However, these effects are confined to more educated mothers, probably because this group is more likely to be covered by the laws. Fathers, in contrast, typically take extremely short leaves (or none at all), so where we find effects of leave laws, these occur only in the birth month. As for mothers, the results for men differ by education group, with significant effects only for the more educated.”</i> (p. 3Wen, Ruhm & Waldfogel, 2007)</p> <p>Job mobility would be less, as there is anecdotal evidence that women currently move out of the private sector to enable access to better maternity leave options. If the employer was supportive of family life, ‘career breaks’ to have children etc. both women and men would be more likely to stay within this work environment than to move on, even if the type of work is not exactly what they would like career wise. If parents are able to progressively return to work after PPL then they would also be more likely to both return and stay with an employer.</p> <p><i>“The results of the second-round effect show that the reform will not change the labour market participation of mothers in their child’s first year of life. For fathers, no substantial changes are expected either. However, in the second year of a child’s life, the reform will induce a 12% increase in the working hours of mothers. The participation rate will increase from 36% to 39%. Given that fathers’ participation rates are high in any case, the changes that occur in the second year are small. The reform aims to increase the labour market participation of mothers with young children, and our simulation results show that this objective can be reached.”</i> (pp. 13-14, Spiess & Wrohlich 2006)</p> <p>The labour market will be impacted</p> <p><i>From a policy point of view, the results indicate the importance of providing support for mothers with very young children who want or need to work for financial reasons. On the one hand, these mothers need support in coping with their own health problems. On the other hand, they need affordable, high-quality child-care options for children with disabilities.</i></p>
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<p>Are there likely to be any perverse impacts on labour markets (such as unemployment risks, labour market discrimination, or erosion of parent's work skills)? Why and to what extent? What impacts might this have on longer term job prospects for individuals and the availability of skilled labour for business?</p> <p>What would be the behaviour of those employers that already offer paid parental leave?</p> <p>How would this affect wages, the leave they offer, and their employment practices generally?</p> <p>In what ways are the labour market and equity impacts of paid parental leave likely to be particularly sensitive to the design of the scheme (for example, whether it has universal coverage, it's financing methods and so on)?</p>	<p><i>These conclusions are underlined by Engelbert's (1989) findings that in Germany, children with health problems are cared for mainly within the family, and in fact, mainly by mothers themselves. Also, more flexible work arrangements enabling mothers to work from home would help those with disabled children to participate to some degree in the labor force."</i> (pp.17-18 Dunkelberg & Spiess 2007)</p> <p>Here is one reference to a 'perverse impact' - "<i>Concerning the effect of leave duration on remuneration, in his analysis of 9 European countries including Denmark and Germany, RUHM (1998) indeed finds that maternity and parental leave provisions of up to 12 weeks result in wage reductions for female employees of up to 1 per cent, while longer leave periods of up to forty weeks result in income losses of up to 4 per cent. His review of existing studies, however, reveals mixed and ambiguous effects of leave duration on remuneration, which could well be the result of a non-linear relationship between leave duration and the costs of reorganization accruing to the employer. It may also be the result of his failing to include the direct costs of employers having to contribute to the financing of maternity pay. MITCHELL (1990: 309) e.g. finds that the costs of mandated benefits which are borne by employers indeed are partially shifted on to the relevant groups of employees in the form of lower wages.</i>" (p. 19, Alewell & Pull 2001) As for unemployment, discrimination or erosion of skills – these are risks already being taken by parents taking leave to be with their children, whether there is PPL or not this fact will remain.</p> <p>Some may continue to offer their staff paid leave as an add-on, or as an extra payment to help them retain skilled staff or to remain / become an employer of choice, especially in a market with skills shortages. Some employers may opt-out, but then the labour market will be able to 'vote with their feet' as many already do.</p> <p>To be able to retain desired staff and attract desirable staff in the future employers would pay the appropriate wages and provide the appropriate leave – some however may do as stated above (p. 19, Alewell & Pull 2001)</p> <p>The scheme MUST BE via a levy paid by PAYG and self employed people, collected by the government (same way the Medicare levy is collected) and distributed through Centrelink and the employer. This way the funds can not be unscrupulously plundered, they are equitably paid and distributed to all who are eligible.</p>
<p>Impacts on employers</p> <p>What affects current decisions by businesses about whether to offer paid parental leave to their employees and the eligibility conditions that they set (mothers only, exclusion of casuals etc).</p> <p>What would be the direct impacts on business of meeting the direct and indirect costs of paid parental leave?</p>	<p>Large businesses pay parental leave to their highly educated, skilled staff to enable the company to retain their skills - it is a 'point of difference' to be able to say these benefits exist at the company. Small businesses (less than 15 people) would rarely have the economic or HR ability to have PPL.</p> <p><i>"Maternity leave coverage is expected to matter most when durable employment relationships are important"</i> (p. 18, Hashimoto et al 2004)</p> <p>Direct costs are not applicable as the scheme will be via a levy on wages. Indirect costs of having staff on longer term leave would be similar to those that exist currently as the right currently exists for one years leave when having or adopting a child. They are a cost that being part of society they should gladly bear – add it to the value of their triple bottom line contribute under 'social values/costs'.</p>

<p>How would these effects vary across firms and sectors, and over time? In particular what are the impacts on small businesses?</p> <p>What would be the positive impacts – would paid parental leave improve staff retention and productivity? If so, how big is this effect, and which industries are likely to benefit most?</p> <p>What kinds of scheme would have the largest or smallest impact on business and why?</p> <p>Are there any distinctive business impacts of new parental support arrangements in regional and rural Australia?</p> <p>Are there ways of implementing any changes to alleviate any adverse impacts?</p>	<p>Parents would happily return to the work force to continue to contribute to the industries and businesses that they had previously been employed by and continue to contribute to the tax system -“<i>Scandinavian countries . . . have high employment rates for mothers with young children and among the highest fertility rates in Europe. Given these empirical facts, the German debate is dominated by the belief that Scandinavian family policies, which provide a high supply of public-financed day care for children and a generous parental leave system are major factors contributing to the higher employment rates of mothers with young children and higher fertility rates there. As far as parental leave is concerned, it is argued in particular that a one-year wage-dependent benefit – which has been granted in the Scandinavian countries for several years – increases the return-to-work rate of mothers with young children and boost fertility rates by reducing income losses for families immediately after childbirth.</i>” (p.2, Spiess & Wrohlich 2006)</p> <p>The scheme MUST BE via a levy paid by PAYG and self employed people, collected by the government (same way the Medicare levy is collected) and distributed through Centrelink and the employer. This way the funds can not be unscrupulously plundered, they are equitably paid and distributed to all who are eligible – this would have the least impact on the business and industry.</p> <p>Not known</p> <p>Not known</p>
<p>How might employers who already offer some paid parental leave respond to a new arrangement (and why)? Were an arrangement to be government-funded, how could its design reduce the ‘crowding out’ of voluntary schemes?</p>	<p>Some may continue to off their staff paid leave as an add-on or as an extra payment to help them retain skilled staff, or to remain / become an employer of choice, especially in a market with skills shortages. Some employers may opt-out, but then the labour market will be able to ‘vote with their feet’ as many already do.</p>
<p>Interaction with social security and other government programs</p>	
<p>How, and to what extent, will paid parental leave arrangements interact with social security and other government payments, and which areas will be most affected?</p>	<p>PPL entitlement is based on a person(s) having been in the paid workforce, if the parent was not in PAYG or self employed prior to the birth of the child, then there are other payments that would cover their needs e.g. single parent pension etc. If they later became unemployed or a single parent then the social security system would then need to come into place. Otherwise the two systems are separate and mutually exclusive.</p>

What implications does this have for the design of a paid parental leave scheme and for the relevant social security schemes?

None known.

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