

Submission to the Productivity Commission Parental Leave Inquiry

Next Wave Policy Group

Vision Statement:

To contribute to the productivity commission parental leave inquiry, with the aim of:

- creating a flexible scheme that values the role of parents in our society
- acknowledging that it takes a village to raise a child
- making practices relevant and meeting the expectations of young people
- valuing the contribution of women as mothers and workers
- providing an opportunity for fathers to be more actively involved with their families
- acknowledging that a single income family is severely disadvantaged

1.0 Why is our perspective important?

We are young women whose ability to contribute to the workforce in Australia is greater than every before, but our capacity is restricted due to the current legislative framework and cultural norms surrounding work and family. Raising a family is not a lifestyle choice and we are of the opinion that everyone is responsible for Australia's future.

Case Study 1:

Sarah

I have an Arts (Honours)/Law degree from Monash University in 2000. I completed my practical legal training through the College of Law in 2007. I am currently working at the Department of Human Services, Victoria in the Cabinet Parliament Executive Services Unit. I consider myself a young professional with specialised skills. I have professional parents who worked a lot when I was very young and then later gave up certain career paths in order to be better parents. I understand the sacrifices they were willing to make in order to be good parents. I want a rounded life. I believe that the expression "work life balance" places mistaken emphasis on work being the major activity in an adult person's life. I feel a strong natural urge to have children and want an opportunity to have a fulfilling careers whilst have my contributions as a parent recognised. I want to share parenting responsibilities with a partner.

1.1 Our Model

We propose nine months parental leave that can be taken by either the mother or the father, or by a combination of both.

* Option of taking an additional 3 months unpaid parental leave that can be taken flexibly, as negotiated with employer.

1.2 The Future Generation Fund

We propose that parental leave be funded through a shared scheme, involving the Federal Government, industry and individuals. We have based our model on Julia Perry's scheme.

Our plan involves:

- individuals will be taxed 0.5% of gross pay if earning over \$10,000 a year
- industry being taxed 0.5% of total payroll
- Employee taking parental leave be paid as they would be paid in their place of employment
- Government making up the shortfall
- All funding for the scheme being placed in a newly established fund, the Future Generation Fund

This plan does not preclude companies their own parental leave arrangements

Our model differs from the Perry model in that we advocate for:

- Parental leave and not maternity leave
- 9 months parental leave and not 6 months
- An additional flexible 3 months unpaid parental leave that can be taken, as negotiated with employer

1.2.1 Employer Assistance

- For every two weeks the parent takes off, the employer gets 1 week of equivalent pay. This is designed to minimise the appreciable burden on industry for their participation in the scheme.

1.2.2 Rate of pay for parents taking parental leave

- A person who is employed and earns below minimum wage, receives minimum wage
- A person who earns above the highest tax threshold, receives payment at that highest threshold.
- A person employed full-time who earns above minimum wage and below the highest tax threshold should be paid 100% of their wage

1.2.3 How should it be funded?

- As outlined in the Perry plan, the scheme should be funded by employees earning over \$10,000, employers and the Government.
- Public funding should make up the shortfall as it is an acknowledgement that parenting is important and valued.

1.2.4 How will this interact with current Federal Government requirements of 52 unpaid leave?

The new scheme would replace the current national requirement of 52 weeks unpaid maternity leave.

Case Study 2:

Rachel

I have just completed my BA(hons)/LLB(hons) Diploma of Modern Language (Chinese) at the University of Melbourne. I have now begun working at the Department of Justice in a policy role. I greatly enjoy my job and have planned to be actively involved in the workforce ever since I was a little girl.

Both my parents worked when I was young and I benefited from two parents who were professionally satisfied. That being said, I have always planned to have children and to be able to spend sufficient time with them. A lack of paid parental leave in Australia may lead me to delay having children and has also lead my partner and I to consider moving overseas.

My partner is a young lawyer in Melbourne. He wishes to be able to spend time with his children when we have them. He believes it is grossly unfair that the current paternity leave requirements will not allow him sufficient time to bond with a new baby.

The current maternity leave requirements in Australia do not reflect our ideas of the relationship between work and family. They undervalue the role of parenting in our society. I do not see having children as a lifestyle choice, I see it as an important part of living and I think that the law should reflect that.

2.0 Explanation of the aims our scheme

2.1 Creating a flexible scheme that values the role of parents in our society

Our proposal is a flexible scheme that provides parents with real choice. This scheme allows parents to determine the timing and duration of parental leave of each parent. Such decisions may factor in:

- health considerations of the mother and father
- health considerations of the new-born
- workplace responsibilities
- the family's financial situation
- access to family networks of support

Parenting is not a one-size-fits-all situation and by providing parents flexibility to tailor parental leave to their unique situation, parents are empowered to provide their families with the greatest level of care possible.

2.2 Acknowledging that it takes a village to raise a child

This proposal acknowledges that parenting is a daunting task at the best of times and that our entire community is responsible for the well-being of our future generations. The whole community benefits from a healthy and productive generation of Australians and, as such, the whole community must contribute to their development.

This proposal channels additional resources to parents in order to help them start their families.

2.3 Making working practices relevant and meeting the expectations of young people

Australia has a new generation of women and men who have different expectations of the relationship between family and work. National Foundation of Australian Women spokeswomen noted that "70% of married women of childbearing age are in paid work, compared to less than 33% in the 1960s." Women are now a major contributor to the workforce and our lack of paid maternity leave does not reflect this.

Many women:

- expect a full-time job after we finish study
- look forward to enjoying our jobs and putting our skills and abilities to work
- intend to have children
- assume that we will live in a dual-earner couple household
- assume that it would be untenable to survive long-term on a single income
- assume our partner will be involved and contribute to some aspects of child-rearing
- anticipate that decisions as to who stays home may rest on who is the larger earner
- hope that our study and skills will allow us to negotiate a return to the workforce after maternity leave

Without support from the Government and industry in relation to parental leave, not only will Australia's labour market potential be jeopardised, but it may impact on women's decision to have children. A lack of paid maternity leave in Australia undervalues women, both in their roles as mothers and workers.

A lack of parental leave also:

- may lead young women to delay having children, or to decide not to have children
- does not utilise the skills of Australians effectively
- does not take into account that some women now earn more than their partners
- does not allow young men to explore the possibility of being primary care-giver

2.4 Valuing the contribution of women as mothers and workers

We are representatives of the new generation of workers. We do not view parental leave as a means to equal working rights for men and women. Rather as a chance to entrench the equal importance of work and parenting for both parents.

David McKnight when commenting on Anne Summers' book *The End of Equality*, sums up the entrenched view of work driven feminism:

"... the core of Summers' vision is the equality for women means identical participation in paid work for women and men. It is career focused feminism. Equality is sameness and any variation from this road must be avoided. She

therefore assumes that *any break from paid work should be as brief as possible.*"¹

The idea of attempting to make women like men is not logical. Men and women are different. What they have in common is that both men and women want to have children. In order to facilitate this there needs to be recognition of the real contribution being made by women in taking time in order to give birth to and raise children. Betty Friedan once told Simone de Beauvoir that she thought women should have the choice to stay home with their children if they wanted to. De Beauvoir answered "Women should not have that choice, precisely because if there is such a choice too many women will make that one."² This goes to the core of the matter. As a 26 year old I have grown up with all the gains made by the preceding feminist movement. Women now have the choice to pursue a career like men. However, the flip side of this is that now it has become harder to make the choice to stay at home and be a mother. This is due to changing culture and changes in economy. Family life is being reshaped by the new economy. Work has become sanctified³ in current economic climate. The role of parent should be valued as much as the role of worker. This is about promoting a cultural change in the workplace. In order to cater for new generation of workers with new demands we do not need models premised on getting women back into the workforce but a change in understanding of women's and men's roles in parenting.

2.5 Providing an opportunity for fathers to be more actively involved with their families

A report, *The Parental Leave in Australia Study* was undertaken by the Universities of Queensland and Sydney examined the experiences of 3,500 families with children born between March 2003 and February 2004 to fill a research gap identified by HREOC in the 2002 report *A Time to Value: Proposal for a National Paid Maternity Leave Scheme*. This is the first Australian study to provide a comprehensive analysis of the use of parental leave, including parental preferences and workplace responses to the needs of their employees with family responsibilities.⁴ Mr Von Doussa said the survey results also reflect the community responses to HREOC's current women, men, work and family project in that there is a growing desire among Australian men to share the hands-on care of their children.⁵ The study provides valuable data about men's patterns of leave-taking - for example, 62 per cent of fathers take forms of paid leave other than paid paternity leave on the birth of their children. This report appears to evidence a genuine desire by men to be involved in parenting.

In Sweden the parental leave model provides for men to take parental leave in equal shares or even more leave than their partner. The cultural change which has been

¹ Manne, Anne (2008) "Love & Money: The Family and The Free Market", *Quarterly Essay*, Issue 29 2008, p.25

² Ibid, p. 24-25

³ Ibid, p.21

⁴ Von Doussa, "More Paid Parental Leave Needed For Families with Young Children", HREOC, 15 December 2006,

http://www.hreoc.gov.au/about/media/media_releases/2006/113_06.html

⁵ Id.

affected in Sweden through the structure of parental leave arrangements means that more men now take time care for children and this has been normalised.

The opportunity for men to spend time with their children will have proven benefits for both the father and the child. For the father to be around the child at a crucial developmental stage means there will be a closer bond between the father and the child. The benefits being a more fulfilling relationship with the child for the father and for the child more support and love from parent.⁶

2.6 Acknowledging that a single income family is severely disadvantaged

Ms Perry commissioned a Newspann poll in 2007 to determine public perceptions of her scheme. An overwhelming 75% of people polled were in favour of paid maternity leave. Although the support for paid maternity leave could be related to widespread cultural change of the role of women in society, there is a significant financial imperative associated with paid maternity leave. The financial strain on families is the result of higher costs for housing, fuel and grocery prices.

In the 2005 study, 1/3 of all respondent families (and over 60% of families in which the mother had been employed prior to the birth and taken leave) identified maternity as something that would have improved things for them, and only 6% of all families listed longer unpaid as something that would have improved things.⁷ This research suggests that paid maternity leave would have significant financial benefits for families.

Case Study 3:

Sarah

- I am 26 year old, tertiary-educated female employed in the private sector
- Continually increases level of responsibility and ability to contribute
- Company greatly benefits from my ability
- Parental leave will be based solely on my ability to negotiate a suitable outcome with my employer
- Whilst I have no immediate plans to become pregnant, I am starting to think strategically about how to secure the best possible deal for myself. This includes choice of partner – does he earn enough to support me and our family when we start a family.
- It shouldn't have to be this hard.

3.0 Benefits of the Proposal

3.1 Individual benefit

- Early returns to work are not advisable if babies are to be breastfed which benefits them
- Job security and linking and building relationship between employer to employee

⁶ Manne, Anne (2008) op cit

⁷ The Parental Leave in Australia Survey Report, November 2006

- Assists lower income families who are most likely to need the extra income for at least the baby's first 14 weeks to avoid financial stresses⁸
- Research is very clear that when it comes to working longer/atypical hours there are detrimental affects of a mother's depression on long-term outcomes for children, and new working patterns (longer hours, less job security, casualisation) make depression more likely⁹
- Matters such as birthing, breast-feeding and the timing of physical separation from mothers has an impact on the child's development¹⁰
- Assist with the direct costs of having children especially the increased costs faced at the time of having a child¹¹

3.2 Industry benefit

Fact 1: Research suggests the cost of staff turnover is approximately one-and-a-half times the departing employee's salary.¹

Fact 2: The Equal Opportunity for Women in the Workplace Agency (EOWA) demonstrated in 2003 that women provided with paid maternity leave were more likely to return to full time work following the birth of their child.

These findings can be extrapolated to argue that paid parental leave provides industry with the following benefits:

- reduced staff churn and therefore reduced recruitment and training costs
- improved staff morale and productivity
- providing businesses a cost-effective means of retaining skilled staff
- improved organizational efficiency through the benefits of longer employee service, ie institutional memory and industry contacts

3.3 Government benefit

- a parental scheme that is funded by all sections of society
- an Australia that experiences the benefits of healthier families and communities
- it is likely that this scheme may increase the fertility rates
- reflects the Government's commitment to families
- an Australia that benefits from women's contribution to the workforce

⁸ Cox, Eva (2007) "Paid parental leave: a question of respect" 29 October 2007, <http://www.abc.net.au/news/stories/2007/10/29/2072801.htm>

⁹ Manne, Anne (2008) op cit, p.43

¹⁰ Id.

¹¹ O'Neill, Steven (2002) "Paid Maternity Leave", *Australian Parliamentary Library*, 13 September 2002, http://www.aph.gov.au/library/INTGUIDE/ECON/maternity_leave.htm