

Submission to the Productivity Commission in response to the Inquiry into Paid Parental Leave

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1. Executive Summary

This report has been written in response to the Productivity Commission's inquiry into Paid Parental Leave which was initiated by the Government wanting 'to explore ways to make it as easy as possible for working mums to balance their employment with the important job of raising a new generation of Australian's' (Swan, Gillard and Macklin 2008). While they have a broad brief to look at the effects of such schemes on children, mothers, fathers, employers and the community, this submission explores the question from a feminist viewpoint, that is clearly exploring the issues from the viewpoints of women involved. The current debate on paid parental leave is justifiable and unavoidable given that the responsibility for the care of children still falls largely to women.

WEL urges the Government to signal its commitment by removing the reservation in our ratification of the United Nations *Convention on the Elimination of all Forms of Discrimination Against Women*. Paid maternity leave should not be included under welfare payments, and, though Government funded, it should be paid through the employer, with separate provisions for those not in paid employment.

2. Background

This is the third time a federal government has indicated an interest in questions related to maternity leave. The first time was under Keating in February 1996 when the first modern maternity payment was introduced as the equivalent of 6 weeks' parenting income support in a lump sum. The second time was in 2004 when the current Baby Bonus was originally labelled a Maternity Payment and absorbed the remains of the earlier one. It was offered as a clear alternative to maternity leave, following the 2002 HREOC report which recommended 13 weeks government paid leave at the minimum wage.

3. Issues to address

3.1 Consider the economic, productivity and social costs and benefits of providing paid maternity, paternity and parental leave

Australian families are finding it hard to afford a family and also keep their job after the birth of a child. Women are having children at a later age as they have to establish a career and a home in order to have some security for a family. The Baby Bonus is a one off payment of \$4258 that assists with the cost of having a baby. Many use this money towards their newborn but many use it to fund other needs, resulting in the 'plasma bonus' label. If a mother had 14 weeks paid maternity leave, this would prepare them for future costs because the money would come in increments as they would have before the birth of their child. Small business will feel the impact, but this could be controlled by partnership schemes with the Federal Government so the actual expenditure from small business is minimized. The Government could compensate small businesses by means of allowing a tax deduction.

The World Health Organisation estimates that a woman's physical recovery from childbirth requires about 4 months leave. Time and attention is needed for establishing successful breast feeding, sleeping patterns and feeding routines. Parental leave provides parents to bond with their child and build family relationships. The short-term benefits of a mother staying at home with her child include a reduced chance of gastro-intestinal infections and eczema for the child and the reduced risk of breast cancer for the mother. Australian research has found that breastfeeding reduces the potential risks of depression and anxiety in teenagers.

Employers do not often offer paid maternity leave voluntarily and if this policy was introduced, this would support women to participate in the Australian workforce without penalty.

3.2 Assess the current extent of employer-provided of paid maternity, paternity and parental leave in Australia

Parental leave has been part of Australia's legislation since the 1970's. The Maternity Leave Act 1973 was the primary piece of legislation which included 12 weeks of paid maternity leave and 40 weeks of unpaid maternity leave for Commonwealth workers. A Conciliation and Arbitration Commission test granted 52 weeks of unpaid maternity leave in 1979. 1990 saw the idea of parental leave; this covered maternity, paternity and adoptive leave. The 52 weeks of unpaid week is meant to include a right to return to work but not all companies abide by this practice. Parents can use parental leave, holiday leave and long service leave concurrently. The Workplace Relations Act 1996 contains the entitlements for parents regarding unpaid parental leave. Not all employees are granted unpaid parental leave, for example, casual workers must associate with their employer regularly for a minimum of 12 months.

See appendix 1 for Australian examples of paid parental leave.

3.3 Identify the models that could be used to provide such parental support and assess these against a number of criteria. These include their cost effectiveness; impacts on business; labor market consequences; work/family preferences of parents; child and parental welfare; and interactions with the Social Security and Family Assistance Systems

- A system could be set up that is similar to Superannuation in that employees can contribute an amount to a 'maternity leave fund', as well as receiving the funds from Government and their employer.
- Payments made to mothers for paid maternity leave should be tax deductible for employers so they are not burdened by the policy and this will also eliminate discrimination against women of child-bearing age.

3.4 Assess the impacts and applicability of the various models across the full range of employment forms (such as the self-employed, farmers, and shift workers)

- There needs to be a right for all women to take up to 6 weeks leave from any regular paid position that they held for at least 1 month under the assumption that it would be ongoing employment, whether casual, self-employed or permanent.
- No employer should have the right to terminate or casualise the employment of someone because they were pregnant.

About one third of Australian women already have access to varied periods of paid leave through their employers, mainly in the public sphere or in jobs with bargaining power. Outside the public sector, the capacity of these to retain what they currently have will depend on their bargaining power in the workplace. Employers who have voluntarily made paid maternity leave available will not want to be penalised by having to retain their payment; unless they can apply it to additional periods of leave and so they receive benefit of their financial commitment by becoming an employer of choice.

3.5 Assess the efficiency and effectiveness of Government policies that would facilitate the provision and take-up of these models.

While I support the growing involvement of men in the roles around child rearing, the reality is that it is still primarily women who take leave, reduce time and/or juggle the conflicting demands of babies and paid workplaces.

- there are physical reasons for some time out that directly relate to birth and breastfeeding;
- there are socio/psychological reasons built into assumptions about attachment and emotional needs;
- there are social pressures that still make assumptions about what constitutes good mothering and parenting roles;
- there are economic realities in most mothers being lower paid than their male partners;
- there is the expression of preferences i.e. ‘choice’ of roles though how these may relate to the above constraints and pressures is always debatable.

Therefore policies must take into account that, where there are male and female parents, they do not start on a presumed level playing field. This raises the wider issues of the benefits to the children of having a parent, presumably the mother, available in the first months, and maybe the other parent for more the first years. These benefits can be seen as personal but are also related to the public good, as they can pertain to better outcomes for future citizens.

Group care is not best for small babies, so there are high costs and subsidies for this age group if they are achieve adequate quality care. Whilst current subsidies are not age related, the Child Care tax rebate de facto is related to cost levels. Therefore public subsidisation of maternity leave becomes justifiable along with a range of other child related subsidies and services in education and health areas e.g. immunisation and preschool education.

4. Problems with the Baby Bonus

The Baby Bonus is purely a cash payment that carries no entitlements so ignore those who are not covered by the current legislated 12 month entitlement that depends on being permanent workers with at least a year's service. Paid leave should include payments and time off work, the new version of the Baby Bonus is a small cash payment per week but does not offer time of work. It is now income tested (although approximately only 7% are excluded) but no form of work leave payments are income tested. A workplace leave entitlement should be seen as an accepted work related entitlement. For example, long service leave is funded by the employer and does not exclude people that can personally fund their own time off.

5. International access to Paid Maternity Leave

In 1998, the Organisation for Economic Cooperation and Development (OECD) reported the following arrangements for paid maternity leave in other countries.

Country	Who pays?	How long is the paid leave for?	How much pay?
Austria	Social Security	16 weeks	100%
Belgium	Social Security	15 weeks	82% for 30 days, 75% after
Canada	Government funded social insurance program	Maximum 15 weeks	55% of the woman's average insured earnings
Denmark	Social Security	18 weeks	100%
Finland	Social Security	105 days	80%
France	Social Security	16 - 26 weeks	100%
Germany	Social Security	14 weeks	100%
Greece	Social Security	16 weeks	75%
India	Employer/Social Security	12 weeks	100%
Ireland	Social Security	14 weeks	70%
Italy	Social Security	5 months	80%
Japan	Government funded/ Social Security	14 weeks	60% of wage
Netherlands	Social Security	16 weeks	100%
New Zealand	Government funded/ Social Security	12 weeks	Flat rate - maximum of NZ\$325
Norway	Social Security	12 weeks	100% and 26 extra paid weeks by either parent
Poland	Social Security	16 - 18 weeks	100%
Singapore	Employer	8 weeks	100%
Spain	Social Security	16 weeks	100%
Sweden	Social Security	450 days	360 days 75% wage, and 90 days at flat rate
Switzerland	Employer	8 weeks	100%
Thailand	Employer 45 days, then Social Security	90 days	100% 45 days, then 50% for 15 days

Source: WEL submission to HREOC Enquiry 1999

6. Conclusion/Recommendations

6.1 Government should immediately introduce pro rata unpaid maternity leave for casuals and those with less than 12 months services as a first step.

6.2 I support the National Foundation of Australian Women (NFAW) call for the government to establish an expert committee to examine and advise on the options to achieve a cost-effective universal system of paid maternity and parental leave for Australian families.

6.3 Implement the recommendations of the expert committee within two years.

6.4 I recommend a 2009 introduction of a publicly funded paid maternity leave for at least 26 weeks (including 2-4 weeks of partner leave).

- This payment would provide replacement of income up to the minimum wage level.
- It should be taxable as it will be a form of workplace income and it should include superannuation.
- The existing Baby Bonus should continue to be paid to eligible individuals as it will therefore offer income where there is no or limited workforce attachment and maybe it should also be taxed.

6.5 Unless a Government funded system is available, the majority of working women, particularly low income women who presently have the least amount of access to paid maternity leave, are treated less favourably than other women such as public servants and high income earning women at the time of child birth. I suggest that universal paid maternity leave would decrease the lifetime loss of earnings that motherhood causes women and research has shown that employers rarely introduce paid maternity leave voluntarily thus the increase in individual contracts (AWAs) under Work Choice means fewer organisations will be introducing paid maternity leave schemes as a result of negative negotiations.

7. Proposed Policy

I believe that a national system of paid maternity leave is long overdue and therefore supports the introduction of a system of paid maternity leave for women in paid employment which is at least equal to the 26 weeks proposed in the ILO Maternity Protection Convention. Such a system would ensure payment to those women currently not eligible including women who are engaged on short term casual and contract bases and those who do not meet traditional service requirements. I urge the federal government to signal its commitment by removing the reservation in our ratification of the United Nations *Convention on the Elimination of all Forms of Discrimination Against Women*. Paid maternity leave should not be subsumed under welfare payments, and, though government funded, should be paid through the employer, with separate

provisions for those not in paid employment. Such public payments partially compensate women for the loss of earnings that child bearing involves

- iii. A universal paid maternity leave plan should be adopted, funded by the government with income replacement up to average weekly earnings, where a government funded payment at federal minimum weekly earnings, as proposed by the Human Rights and Equal Opportunity Commission (HREOC), be initiated, this should be further raised to average weekly earnings.
- iv. Adequate funding of HREOC for effective education of the rights and responsibilities of employers and pregnant women.
- v. Paid maternity leave should be legislated and therefore not be tradable for other conditions.
- vi. Unpaid leave maternity leave and pro rata paid leave should be made available to casuals and new employees as well as those with 12 months continuous service.

8. Appendix 1: Australian examples of paid maternity leave

8.1 Australian Catholic University

The ACU made a decision to offer employees 12 weeks of paid maternity leave actually proved to save costs. ACU's management calculated the costs and benefits of all female staff taking advantage of their paid maternity leave and this would still be lower than 1% of its payroll, thus saving in staff turnover costs (WEL, 2008).

8.2 Myer

Myer offers paid parental leave for permanent full-time and part-time staff who have worked for the company for a minimum of 18 months. Myer's parental leave does not include casual staff. From April 1st 2008, staff who have worked for Myer for more than 18 months can apply for 6 weeks' maternity leave (SMH Online, 2008).

8.3 ANZ

In 2004 ANZ doubled its paid parental leave scheme. Staff will now receive 12 weeks (previously 6 weeks) paid parental leave without a qualifying employment period. (The Age Online, 2004)

9. Appendix 2: Reasons for quitting work

Table 4: Reasons for quitting work, mothers of children born March 2003-February 2004 who quit their job around the time of the birth of their child, Australia^a

Reason for quitting work	Percentages
Wanted to look after family full-time	64
Job too demanding or unable to get enough flexibility in hours	20
Lack of paid maternity leave	17
Lack of a supportive work environment	10
Health reasons	21
N ^b	284

Notes:

- Estimates have been weighted to account for non-response bias. Columns do not add to 100% as respondents could mark more than one item. All other reasons cited by respondents and not included in this table were relevant to fewer than 10% of those who quit.
- Base population, mothers who quit work around the time of the birth, unweighted; excludes those missing or not directed to the question on reasons for leaving, and is thus lower than the total who quit work.

Source: The Parental Leave in Australia Survey (Whitehouse, Baird and Diamond 2005), conducted in conjunction with LSAC Wave 1.5.

Source: Whitehouse, G., M. Baird, C. Diamond and A. Hosking, 2006

10. References

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