

# WORK AND FAMILY POLICY ROUNDTABLE

<http://www.familypolicyroundtable.com.au/>

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27 May, 2008

**Mr Robert Fitzgerald and Ms Angela MacRae**  
**Commissioners**  
**Inquiry into Paid Maternity, Paternity and Parental Leave**  
**Productivity Commission**  
**GPO Box 1428**  
**CANBERRA ACT 2601**

Dear Commissioner Fitzgerald and Commissioner MacRae,

## **Inquiry into Paid Maternity, Paternity and Parental Leave**

Thank you for this opportunity to make a submission (as attached) to the Inquiry on Paid Maternity, Paternity and Parental Leave. The Work + Family Policy Roundtable (W+FPR) is a group of active researchers at Australian universities and research organisations. We specialise in analysing work and family life issues, amongst other employment issues.

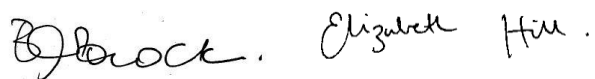
The Commonwealth Government and other governments and industry bodies have provided a number of us with funding to examine issues affecting work and family, including paid maternity leave, and changing patterns of work (broadly defined) in Australia, and their impacts on the well-being of Australian women, men and children, households, communities and workplaces. Our analysis, which extends to international comparisons, has proceeded through diverse projects at a number of universities. This submission draws on this body of work and allows us to locate the Australian situation in the context of international standards.

Our focus in the submission attached is on the importance of establishing an equitable work and care regime in Australia – one that is fair to all women, and to genuine equality of opportunity between men and women – as well as a system that will underpin productive workplaces and the well-being of all citizens. A national system of paid maternity, paternity and parental leave is a critical plank in such a system.

There is an urgent need to reshape our workplaces and social institutions to provide genuine equal opportunity for women, and to accommodate new household structures and the current composition of the labour force. Incongruities between the public and private worlds of work are a major obstacle to fairness at work for women, the well-

being of children, mothers and fathers, family formation and parents' capacity to get a good fit between how they want to work and parent, and how they have to. Paid maternity and paternity leave are important and long overdue conditions of employment that all Australians should have fair access to. Our submission argues that paid maternity and paternity leave is not a welfare payment but an employment entitlement and an essential workplace measure that will deliver positive benefits to families, workplaces, the economy and society.

Yours faithfully

A handwritten signature in black ink, appearing to read 'B Pocock. Elizabeth Hill.' The signature is written in a cursive, flowing style.

**Professor Barbara Pocock and Dr Elizabeth Hill**

Convenors, Work + Family Policy Roundtable

Submission to the Productivity Commission  
Inquiry into Paid Maternity, Paternity and Parental Leave  
May 2008

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## **1. Background to The Australian Work + Family Policy Roundtable**

The Australian Work + Family Policy Roundtable (W+FPR) is made up of researchers with expertise on work and family policy. Its goal is to propose, comment upon, collect and disseminate relevant policy research to inform good, evidence-based public policy in Australia. The Roundtable draws upon relevant Australian and international evidence and practice to inform Australian public policy debate.

The Roundtable held its first meeting on 14th February 2005 at the University of Sydney. Academics from eight Australian universities or research institutions attended this first meeting and comprise its foundational members.

- Elizabeth Hill, The University of Sydney
- Barbara Pocock, The University of South Australia
- Marian Baird, The University of Sydney
- Deborah Brennan, The University of New South Wales
- John Buchanan, Workplace Research Centre, The University of Sydney
- Bettina Cass, The University of New South Wales
- Sara Charlesworth, RMIT
- Eva Cox, The University of Technology, Sydney
- Sarah Maddison, The University of New South Wales
- Alison Preston, Curtin University
- Gillian Whitehouse, The University of Queensland

Over the past three years the Roundtable has actively participated in public debate about work and family policy providing research-based submissions to relevant public inquiries, disseminating current research through publications for public commentary and through the media.

Publication of the Roundtable's *Ten Policy Principles for a National System of Early Childhood Education and Care* and the *Work and Family Policy Benchmarks for the 2007 Election* in particular generated considerable public commentary during 2007.

The Roundtable's work on Early Childhood Education and Care led to the publication of *Kids Count: better early childhood education and care in Australia*, edited by Elizabeth Hill, Barbara Pocock and Alison Elliott, Sydney University Press, Sydney.

See <http://www.familypolicyroundtable.com.au/> for details of the roundtable and its activities.

## **2. Introduction: scope of the Inquiry and this submission**

The Productivity Commission has been asked to:

1. Identify the economic, productivity and social costs and benefits of providing paid maternity, paternity and parental leave.
2. Explore the extent of current employer provision of paid maternity, paternity and parental leave in Australia.
  - Identify paid maternity, paternity and parental leave models that could be used in the Australian context.
  - Assess those models for their potential impact on:
    - the financial and regulatory cost and benefits on small and medium sized business;
    - the employment of women, women's workforce participation and earnings and the workforce participation of both parents more generally;
    - work/family preferences of both parents in the first two years after the child's birth;
    - the post-birth health of the mother;
    - the development of young children, including the particular development needs of newborns in their first 2 years; and relieving the financial pressures on families.
  - Assess the cost effectiveness of these models.
  - Assess the interaction of these models with the Social Security and Family Assistance Systems.
  - Assess the impacts and applicability of these models across the full range of employment forms (e.g. including for the self-employed, farmers, shift workers, etc).
  - Assess the efficiency and effectiveness of Government policies that would facilitate the provision and take-up of these models.

In our submission we offer an overview of the rationale for a better national system of paid parental leave, and refer to a body of literature in support of our arguments. We do not revisit in our submission all of the relevant literature in support of better paid leave arrangements but instead opt for a reasonably short submission, setting out a specific plan for the provision of paid leave for working parents with new babies, both in the short term and in the longer run.

## **3. National action is welcome**

The *Work + Family Policy Roundtable (W+FPR)* welcomes the Productivity Commission's inquiry, and the fact that the terms of reference for the Inquiry do not place emphasis upon *whether* Australia needs paid maternity, paternity and parental leave but instead focus on its costs and benefits, and the best model to take forward.

The *W+FPR* believes that the research case is well established for a national system of paid maternity, paternity and parental leave. Such a national system can play a positive role in a work and care regime that promotes the well-being of Australian families as well as productive workplaces (Alexander, Whitehouse and Brennan 2007, Pocock 2007; Moss and Wall 2007 provide an international overview).

There is an urgent need to reshape our workplaces and social institutions to accommodate new household structures and the current composition of the labour force. Incongruities between the public and private worlds of work and family are an obstacle to gender equality, family formation and parents' capacity to reconcile paid work with family responsibilities. A supportive and equitable national work and care regime will promote social inclusion, gender equality, a just and fair society as well as facilitate economic productivity and a growing economy.

A national system of paid leave for parents is a critical plank in such a system, in our view.

Australian workers need greater access to paid leave - especially paid maternity, supporting partner and parenting leave. Unpaid leave, as presently provided through the industrial system, is not meaningful to many parents, especially the low paid and those with few financial resources. Australia's paid maternity leave arrangements in particular, are patchy and unfair. Most of Australia's working mothers lack access to even the basic standard of 14 weeks paid leave recommended by the International Labour Organisation. As is recognised in the Commission's background paper for the Inquiry, just over a third of Australian working mothers (37 per cent) use some paid maternity leave at the time of birth (Productivity Commission 2008). These women are mostly higher paid, in the public sector or employed in larger firms. Many working women have access to only a few weeks paid leave. Many women lack access to any paid maternity leave. Most fathers do not have an entitlement to paid paternity leave.

This is unfair. It especially disadvantages children and working mothers and fathers in low income households. A national system of paid maternity leave for all Australian working mothers is long overdue.

Payments such as the baby bonus do not substitute for paid maternity leave. While they give much valued financial relief at a moment of high costs to all families (whether women are in paid work or not), they do not recognise (or encourage) workforce attachment or guarantee working women *time* away from their jobs for early maternity. This time is essential in view of the physical effects of late pregnancy, birth and early mothering and breast-feeding. Cash payments do not recognise the labour market attachment and contribution of women in paid work. The positive effects of paid time away from work have measurable positive effects on maternal and infant health beyond cash payments (Tanaka 2005).

### **Paid maternity leave is not a welfare benefit: it is an employment entitlement.**

At present, working women 'pay' for maternity leave through unpaid leave, or through use of their own holiday, long service or – in many cases - sick leave. Many take less leave than they would prefer. Some have some support from their employers and in other cases fathers also use various forms of leave. But many employers and tax-payers generally, do not assist. This contrasts with countries like New Zealand and the United Kingdom where tax-payers, through government payments, provide a basic period of

paid leave which employers can top up, and individual households can also complement through savings. Since Australia's workplace arrangements do not include a contributory social insurance system it is our view that a government-funded basic payment is the most appropriate building block of a national paid maternity and parental leave system in the Australian context.

Australia needs to move quickly to implement a national system of paid maternity, supporting parent and parental leave: it is long overdue. The ILO created the first global standard in 1919 when it aimed to protect working women around childbirth through the Maternity Protection Convention.

The time to act is now. Public support for paid maternity leave, in particular, is strong with more than three-quarters of Australian men and women supporting it (NFAW 2007). The economic imperatives of an ageing workforce make implementation of an equitable Australian work and care regime a necessity. The well-being of Australian families and the economy depends on it.

#### **4. The economic and social benefits of a national system of paid maternity, paternity and parental leave.**

Australian workers, their families, communities and the national economy will benefit from a universal scheme of paid maternity, paternity and parental leave. The main arguments for the introduction of such a system are summarised below:-

##### *1. Equality between working women and men, and rewarding female labour attachment*

It is women who bear children and take time out of their paid working lives to do so. As a result, their employment is affected negatively by maternity, relative to men's. Their earnings are lower, their careers and work experience are truncated, and their retirement benefits are reduced. Without compensating arrangements like paid maternity leave (PML), women are systematically, indirectly discriminated against by the facts of motherhood and caring. Paid maternity leave goes some way to address the physical reality that distinguishes women's workplace experiences from men's on the birth of a child. In this sense, PML is a basic and essential workplace measure that will promote gender equality for women in paid work and prevent indirect discrimination against women, who forego between \$167,000 and \$239,000 (in 1999 dollars) as a result of the birth of their first child alone, depending upon their qualifications (Chapman, Dunlop, Gray, Liu and Mitchell, 1999). PML is a workplace equal opportunity and anti-discrimination measure that underpins women's paid employment, in recognition of their difference from men.

The average Australian worker now has greater responsibility for the care of others, and is more likely to be a woman. Households with dependents are more likely to be dual earner rather than male-breadwinner households, with significant growth in sole parent/sole earner households (mostly headed by women). This has important implications for households, with many women now in work – commonly for a decade – before the birth of their child. Their families are dependent upon their earnings as surely as they are dependent upon those of men.

Each year a growing number of women participate in paid work. The gendered labour participation gap across Australia (that is, the gap between women's and men's rate of participation in paid work) has narrowed from 39 per cent in 1981 to 16 per cent in 2004 (ABS, supercube, lm8.srd). The labour force participation rate of Australian women of childbearing age (15-44 years old) has increased from 59 per cent in November 1980 to 71 per cent in November 2005 (ABS Cat No 6291.0.55.001 2005), although a significant motherhood gap remains, as noted below.

Changes in labour force participation are having very important effects in Australian workplaces, homes and communities and they are very likely to continue.

The growth in services sector employment, which is expected to continue to rise (indeed it is partly fed by women's rising participation in paid work as they substitute purchased goods and services that replace their own labour), will feed continuing increases in demand for the labour of women. Further, as employers shift their temporal organisation of work, and seek to closely match labour to the timing of production and service delivery through a variety of non-standard employment forms, demand for women's labour can be expected to continue to rise, as will non-standard employment itself.

Younger Australian women (generation X (born 1960-1980) and Y (born 1980-2000)) show no sign of slowing this pattern of rising participation. Most expect to work for significant parts of their lives, many are educating themselves for this, and by the time of the birth of their first child at around 30 years, many will have a strong sense of identity connected to their jobs, will have built a significant part of their social lives in their workplaces, and will be used to earning and spending a sizeable pay packet. This is likely to drive further growth in dual earner households (Reed, Allen, Castleman and Coulthard 2003; Pocock 2004).

The growing dependence of the Australian labour market on women's contribution should be met with recognition that their physical responsibility for pregnancy, birth and early feeding and care should be supported through appropriate opportunities for paid rest in late pregnancy, to recover from birth, and to establish breast feeding.

## *2. Equity between women.*

Ironically, PML is less available in smaller, feminised workplaces in the retail and hospitality sectors. Women's employment is especially concentrated in these sectors. It is also available less often to lower paid women. This unevenness of current provisions results in significant inequities between women, disadvantaging women in lower paid, feminised jobs and employment sectors. The length of leave available also varies widely between women. A national system of PML will promote equity between women employed at all income levels across the labour market.

## *3. A paid leave system that adapts to changing forms of employment*

A new approach to paid maternity, supporting parent and parental leave should reflect the changing shape of employment in Australia. This approach must recognise the growth in casual employment, in self-employment and in turnover, as Australian workers move through various employment forms over their working lives. A new system of paid leave should facilitate, not impede these transitions.

The latest ABS data show that only 61 per cent of all those at work in Australia in November 2007 were employees with paid leave entitlements: the remainder were without paid leave entitlements or owner managers of incorporated or unincorporated enterprises (ABS cat no 6359.0).

A quarter of all employees were casual (without paid leave entitlements) in November 2007, and 30.0 per cent of women were casual.

Small business and casual work account for increasing proportions of Australian workers. 18.2 per cent of the total labour force were working in incorporated or unincorporated enterprises (31.6 per cent of them women)

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In November 2007, 26.8 per cent of female employees and 25.3 per cent of male employees had been with their current employer for less than a year.

New employment standards like paid paternity and parental leave should be available to the widest possible group of workers, given that many move between employers, and move between being employees and being self-employed. At least some of the latter are in fact 'employees' in most aspects of their employment (eg they face a single 'employer', have little real control over their work, etc).

An efficient labour market system will avoid creating barriers to the movement of workers between employers and between employment types, and will ensure equity of treatment of different categories of workers avoiding arbitrary and excluding definitions. Given that both the self-employed and casual workers contribute to the taxation system, we believe it is equitable that both should share equivalent paid maternity, paternity and parental leave.

#### *4. Promote the wellbeing and health of Australian mothers and their children.*

There is widespread evidence that maternal health, bonding with the child, and infant and child health (including birth weight) are improved through paid maternity leave (PML). These benefits are well documented in international literature (Berger *et al* 2005; Chatterji and Markowitz 2004; Gregg and Waldfogel 2005; Ruhm 2000, 2004; Tanaka 2005; Waldfogel 2002, 2006). These benefits include improved maternal recovery from birth, maternal rest in late pregnancy, enhanced opportunities to establish breast feeding and a good early feeding regime in general, and better opportunities for child/parent bonding. Many of these positive outcomes have long-term positive effects for maternal mental and physical health, child health and development, and overall family well-being. The arguments for PML consistently advanced by the World Health Organisation (2001) and the ILO have connected to the health and well being of mother and child, as well as the provision of genuine equal opportunity for women workers. The literature in support of these effects is extensive and incontrovertible, establishing a strong argument for extended paid maternity leave (HREOC 2002, p. 51-61).

International expert, Jane Waldfogel, summarises the state of much of this literature with respect to benefits for children in a recent book where she points to the health, cognitive development and externalising behaviour benefits linked to parental care of infants (ie in the first year of life). She argues that the specific nature of policy interventions make a difference and that the US should follow the lead of most other countries by adopting paid leave:

The evidence indicates that to be effective - that is, to actually alter parents' behaviour - [job protected leave] will have to be paid. Such a policy would necessarily be more costly than the status quo [in the US], but without some form of wage replacement during the leave, at least some mothers and most fathers are unlikely to take it. (Waldfogel, 2006, p 65).

Her analysis points to the need for paid leave especially for low income mothers and fathers who, without income support, are likely to return to work early (2006, p 65).

#### *5. Economic productivity, growth and labour supply*

The demographics of Australia's labour market are rapidly changing as our population ages, placing new pressures on government fiscal policy (Department of the Treasury 2002). One important option to combat the economic impact of an ageing population is to increase the productivity and labour market participation of the existing work force,

especially women workers. As the labour force participation of women increases it is critical that they are supported to maintain their labour market attachment, where they choose to do so, through times of intensive caring responsibilities, especially childbirth and early parenting. PML can smooth the pathway between work and care for women and is an essential component of Australia's efforts to improve economic productivity and growth. PML will also help to enhance the labour market participation rate of mothers with young children which is lower than other comparable OECD economies and increasing at a slower rate (OECD 2005, Jaumotte 2004).

Despite recent increases in the participation of women in the Australian labour market, Australian women's employment rates are much lower than in the OECD area as a whole (even allowing for the high proportion of Australian women who work part-time relative to the OECD average). In 2002, 49.6 per cent of women whose youngest child was under six years were employed, compared to an average of 59.2 per cent across 20 OECD countries for which data exist (ABS Cat no 4102.0 2007; in Sweden the rate was 77.5 per cent). The rate of withdrawal from paid work of women of childbearing age is much higher in Australia than in countries like the UK, US and New Zealand (ABS Cat No 4102.0 2007 p 3).

The OECD has specifically referred to the scope in Australia of raising women's labour force participation to meet the challenge of an ageing workforce (OECD 2006).

Jaumotte recently undertook a comparative analysis of labour market participation rates of women and work and family arrangements in various OECD countries. Her analysis shows that many OECD countries have higher levels of labour force participation amongst prime aged women than Australia. Countries like the UK, United States, Germany, France, Canada, Norway all have higher rates of female participation than Australia in 2001 – ranging from a few percentage points to over 10 points.

Jaumotte undertakes regression analysis of labour force participation in 17 OECD countries over the period 1985-1999, controlling for female education, proportion of married women, number of children, and overall labour market conditions. She finds potential determinants of participation include:

- the availability and length of paid parental leaves;
- flexibility of working-time arrangements;
- the taxation of second earners;
- childcare subsidies;
- child benefits.

These are all significant elements affecting female labour participation. She then compares the nature of family supports across OECD countries in 1999, placing Australia seventeenth out of twenty countries in terms of overall support for working women with children, including support in the form of paid maternity leave, childcare and child benefits. This placed Australia on a par with New Zealand, Turkey and Mexico. Since 1999 there have been some improvements in arrangements in New Zealand (with paid maternity leave established and the length of leave extended) and some improvements for Australian families through the baby bonus, some remediation of the high effective marginal tax rates applying to second earners, and increased childcare places (though demand continues to outstrip supply).

Jaumotte goes a step further and simulates what improving various work/family supports<sup>1</sup> would do to labour supply, concluding that this improvement would increase the labour force participation rate of women by an average of 10 per cent in OECD countries (around 8 percent in Australia with positive benefits especially flowing from increased spending on childcare and better tax incentives to share market work) (Jaumotte 2004: 12-15). Her analysis confirms what a number of Australian analysts have been arguing for some time: that Australia currently exhibits an inferior policy and regulatory regime for working mothers, and that this inhibits their labour market participation. Paid maternity leave is a significant element in this story: improvements in paid leave are revealed as likely to lead to improvements in labour market participation rates.

Other studies suggest that labour market attachment is enhanced by PML. For example, using panel data across Europe, Ruhm (1998) and Ruhm and Teague (1997) show that women's attachment to employment increases with PML.

#### *6. Employer benefits*

Both governments and employers recognise the benefits for employers flowing from family friendly provisions like extended paid maternity leave. The business case is strong and these include saving on rehire costs, training, and higher morale, retention and productivity (AIG, 2002: 21 WEL 2002: 8). There is evidence from Australian employers that the introduction of PML results in increased rates of return to work by employees (FSU, 2002: 4), hence its adoption amongst a growing number of larger companies, and the extension of the length of leave available in sectors like the vehicle industry.

#### *7. International Standards*

There are several international standards relevant to family friendly provisions at work and PML, including the 1979 United Nations Convention on the Elimination of Discrimination Against Women (CEDAW); ILO Convention 183 (C183), Maternity Protection 2000 (with associated Recommendations); and ILO Convention 156, Workers with Family Responsibilities, 1981, (C156 and Recommendations). Australia ratified C156 in 1990, CEDAW in 1983 with a reservation in relation to paid maternity leave, and has not ratified C183. The United Nations Convention on the Rights of the Child advocates the right of children to be cared for by both parents (Article 7) and that the state should develop supportive institutions to assist parents in their child-rearing responsibilities (Article 18).

We note that the United Nations Committee on the Rights of the Child has dealt directly with the need to provide maternity and paternity leave and 'family-sensitive' working conditions that meet the needs of both children and working parents, and has registered its concern that Australian women working in the private sector are not systematically entitled to maternity leave. The Committee has called upon Australia to 'review its legislation and make paid maternity leave mandatory for employers in all sectors, in the light of the principle of the best interests of the child' (Australia IRCO, Add.79, paras. 17 and 31).

These standards reflect the international view that family friendly measures, including paid maternity leave, are essential to the promotion of equal opportunity and treatment for women workers, and to substantive equality of opportunity and treatment between men and women with family responsibilities

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<sup>1</sup> i.e. a neutral tax treatment of second earners, high tax incentives to share paid work between spouses and an increase in public childcare spending per child to the highest level in the OECD.

## 5. A Government-funded scheme for workers to take leave for military activities

Before turning to the details of our model we draw the Inquiry's attention to a parallel system of payment for specific purpose leave: the payment system to Defence Force Reservists. Australian employers are provided with a government-funded payment when their employees undertake defence force reservist activities. While this military leave has a very different purpose to maternity and parental leave, its architecture provides a model for moving forward on leave for parents. Under this scheme (the 'Employer Support Payment (ESP) Scheme) eligible employers are provided with wage replacement funds by government when their employees join the Defence Force Reservists:

to help offset the costs of releasing employees for most categories of Australian Defence Force service. ESP is paid at a weekly rate *regardless of the employee's salary*, and there are no restrictions on the way in which employers can use the money. Higher level payments may be authorized.

([http://defencereserves.deadline.net.au/aspx/esp\\_overview.aspx](http://defencereserves.deadline.net.au/aspx/esp_overview.aspx) Accessed 24th May 2008; our emphasis.

ESP is paid at Average Weekly Ordinary Time Earnings (AWOTE). As the above quote suggests, this payment is made 'regardless of the employee's salary'. AWOTE is currently \$1070.40, almost double the current minimum wage rate of \$522 (\$13.74 per hour for a 38 hour week).

In addition, self-employed military Reservist are eligible for ESP if their businesses are their principal source of income for a continuous period of at least the previous six months.

Leave for military activities under this scheme includes the following types and periods of leave:

1. Initial Recruit Training (up to 7 weeks);
2. Annual Exercises or Camps (up to 2 weeks);
3. Specialist Courses (varies by course, up to 12 weeks);
4. Deployments (varies, up to 18 months). See details at [http://defencereserves.deadline.net.au/aspx/esp\\_overview.aspx](http://defencereserves.deadline.net.au/aspx/esp_overview.aspx)

ESP provides a model where the Australian Government provides employers with funds to give employees paid leave to participate in military activities; that leave is paid at AWOTE, regardless of the employees actual earnings (and can be higher where the employee is higher paid) and is also paid to the self-employed.

We do not see any good reason why the provisions of a maternity leave scheme should not at least match the provisions we make for military training. To do so, in our view, would be to place a higher value on military activities than maternal activities.

## 6. Our model: A 26 week government-funded basic payment, with employer/employee negotiated top up

The time to introduce a national system of paid maternity, partner and parental leave is now. International and Australian research clearly and consistently points to the benefits of paid maternity leave in particular, and paid parental leave generally. Members of the *Roundtable* recommend the introduction of a national system of paid maternity and supporting parent leave. We recommend a new Australian approach to this form of leave with the following characteristics.

- a. **Aspiring to 52 weeks paid parental leave:** A rich country like Australia should aspire to provide all working parents with the opportunity to provide up to a year of paid parental care to their children. Given that it will take a staged process to reach this goal, we recommend a first step of providing 26 weeks paid leave now, increasing to 39 by 2012 and 52 by 2016 (ie in four yearly steps);
- b. **We recommend 26 weeks basic paid maternity and supporting parent leave:** through a combination of paid maternity and supporting parent leave, all Australians with six months or more continuous service with their employers should have an entitlement to paid leave as follows:
  - i. **Basic Paid Maternity Leave (BPML) provision:** Australia should introduce a national, publicly-funded basic paid maternity leave of 24 weeks for all working women, including casual and permanent employees and the self-employed. This work related payment would be paid at a level equivalent to either Average Weekly Ordinary Time Earnings (AWOTE) as paid for military leave, or the federal minimum wage, plus superannuation (or the pre-maternity wage – whichever is the lower). We see a good argument for paying the basic maternity leave rate at the same rate as military service leave, so our preference is for AWOTE.
  - ii. **Basic Paid supporting Parent Leave (BPPL) provision:** Australia should introduce a national, publicly-funded basic paid partner leave of two weeks for all working supporting parents, including casual and permanent employees and the self-employed, at a level equivalent to the AWOTE or the federal minimum wage, plus superannuation.
  - iii. **Employer top up:** we recommend that employers top up these basic elements of leave (BPML and BPPL) to full replacement earnings, and that wherever possible unions and employers negotiate such top ups. Over time, it may make sense to move to make this top up compulsory, perhaps in stepped stages, depending upon reviews of the operation and effect of the scheme.
- c. **Maternity leave for mothers:** only in exceptional circumstances should paid maternity leave be allocated to fathers, given the maternal physicality of late pregnancy, birth and early feeding.
- d. **Paid ‘supporting parent’ leave:** we recommend the language and policy of ‘supporting parent’ rather than ‘paternity’ leave because it does not discriminate against same sex partners. At a time when the Commonwealth Government is removing provisions that discriminate against same sex partners, it is inappropriate to introduce a policy which does so anew.
- e. **Paid partner leave: ‘use it or lose it’:** Partners who do not make use of their paid leave, cannot reallocate it to mothers. This policy is to encourage fathers to take leave, given the international evidence about how ‘use it or lose it’ is associated with much greater use of paternity leave.
- f. **Existing PML: a principle of ‘additionality’ not ‘substitution’:** we recommend that employers currently providing paid maternity leave, continue with their existing arrangements and use them to complement the above basic forms of leave. In this way they will preserve the competitive advantage they have established as ‘employers of choice’ in relation to paid maternity leave.

- g. **Basic payments through employers:** we recommend government payments similar to the payment made to employers in compensation for employee participation in military activities, to be called Basic Paid Maternity Leave (BPML) and Basic Paid supporting Parental Leave (BPPL). These payments would be taxable and paid fortnightly. In the case of owner-operated businesses, the payment would be made to the self-employed person where appropriate evidence was provided, as already occurs for payments for military service leave. We recommend that the payment occur through employers so that all other aspects of employment (accumulated leave, superannuation and tenure etc) are not disturbed by the paid period of leave. The paid leave income, like all other employment based earnings, will be taxed – just like all existing paid maternity and paternity leave and military service payments.

BPML and BPPL should not be means tested: like payment for military service leave, such payments are not an income support payment like the Parenting Payment, the Carer's Payment or the Baby Bonus. Instead, BPML and BPPL are work-related payments like paid military service leave, holiday, sick, long service, and all other forms of leave. Specifically, BPML and BPPL should not be means tested because they are wage-related in-work payments, and should be seen as an employment-related entitlement.

- h. **Eligibility** for these payments would include casual and permanent workers with six months employment history with a single employer;
- i. **Right to return and right to be protected from discrimination:** Parents who take paid parental leave must be guaranteed the right to return to work in their former position or - if the position no longer exists - to a position that is similar as possible in remuneration and status to their original position;
- j. **Sole parents:** we recommend that sole parents should have access to the full total period of paid leave;
- k. **Adopting parents:** we recommend that adopting parents should have access to the prevailing total period of maternity and supporting parent paid leave, to share as they determine;
- l. **Simultaneous leave:** Parents should be able to take leave simultaneously if they wish.
- m. **National standards:** The paid maternity, supporting parent and parental leave standards would be included as part of the National Employment Standard.

## 7. Unpaid leave for all women

At present many working women have less than a year's continuous service and lack any paid or unpaid leave entitlements. The above system of paid parental leave which we recommend should be supplemented by a system of 14 weeks unpaid leave for all those with short employment tenure (eg less than 6 months). This would include a guaranteed right to return to work at the same level and job protection.

## 8. Fair funding: A government-funded basic payment, with employer/employee negotiated top up

The *Roundtable* advocates a dual funding system:

1. **Basic paid maternity and supporting partner leave:** where all tax-payers share the cost of providing a basic form of paid leave to mothers and partners in

recognition of their economic contribution and the savings that accrue to health and community systems arising from good quality early infant care.

2. **Top up:** where employers and workers, through local negotiation and agreement, agree on top up arrangements to take the payment level to full replacement earnings. They may also agree to extending the period of paid leave.

We contend that a publicly-funded basic leave provision is superior to an employer-based system or to a specific tax or levy system. A payment out of general revenue is appropriate in view of the generalised social and economic benefits that arise for the Australian economy and society out of improved well-being of women, men and children and a sustained labour supply, increasingly underpinned by the contributions of working parents, especially mothers. General taxes involve contributions from all taxpayers – employers, employees and all those in receipt of taxable income – and thus provide the fairest means of funding a national scheme.

This principle underpins military service leave payments and we believe its relevance to a system underpinning Australia's social reproduction – critical to its overall national productivity – is even stronger.

An employer-funded scheme (with payments to women by their direct employers) is likely to create an incentive for employers to discriminate against women employees of childbearing age. Such a system could also place a disproportionate burden on employers with large number of female employees. It is likely to find strong resistance.

Further an employer-funded system will not reach the more than 600,000 women who are self-employed.

However, a government-funded basic payment, topped up through local employer /employee negotiation can provide universal and equitable access with better coverage for all women workers as well as partners.

A government-funded scheme also has low transaction costs compared to an employer-funded levy system, as it utilises existing tax and administrative machinery, eliminating the need to create elaborate administrative structures to support the collection of dedicated funds for PML or PPL. The existing military service leave payment is an obvious pre-existing model, underpinned by appropriate web-based information and support (see [http://defencereserves.deadline.net.au/asp/esp\\_overview.asp](http://defencereserves.deadline.net.au/asp/esp_overview.asp)).

A government-funded basic payment, with employer/employee negotiated top up has the additional virtue of drawing on the contributions of government, employers and workers, an approach which most Australians favour, according to opinion polls.

## 9. Baby Bonus

The Baby Bonus is paid to 'families following the birth (including stillborn babies) or adoption of a baby' and 'recognises the extra costs incurred at the time of a new birth or adoption of a baby'.

([http://www.familyassist.gov.au/Internet/FAO/FAO1.nsf/Content/payments-maternity\\_payment](http://www.familyassist.gov.au/Internet/FAO/FAO1.nsf/Content/payments-maternity_payment); accessed 24 May 2008).

It is the view of the *Roundtable* that the baby bonus should be treated separately to a national system of paid maternity/parental leave. It is a payment, now means tested, which is about the 'extra costs' that arise on the birth of a baby. It is not a payment that relates to maternal employment and rest at the time of birth, or that recognises or assists the contribution, productivity or labour market attachment of women. If such payment is to be made to meet the additional costs associated with the arrival of a new baby,

Australian families should not be treated differently based on the labour market participation of parents (especially second earners, most of them women). We recommend a review of the family payment system, including the baby bonus, and argue that the flawed system of family payments that currently exists should not compromise the establishment of a good and long overdue system of paid parental leave for Australian working parents.

## **10. Research and evaluation:**

The paid maternity, supporting parent and parental leave system should be subject to a systematic research program every two years. This would monitor and review the implementation and outcomes associated with the system, informing future modification of the system and continual improvement in line with international standards and research evidence.

## **11. Complementary Policies**

The *Work + Family Policy Roundtable* recommends that a national system of paid maternity, supporting parent and parental leave should be implemented alongside other complementary policies. These should include a fair and effective tax and benefit system, legislation providing workers with caring responsibilities a robust right to request flexibility at work with an obligation of employers to seriously consider such requests; an industrial relations system that includes an independent tribunal with powers to arbitrate and set new employment standards in relation to work and family issues; public investment in a high quality early childhood education and care system; and a welfare-to-work system that is supportive, fair and equitable in its treatment of single mothers. These policies will complement and optimise the positive social and economic outcomes associated with a national system of paid maternity, supporting parent and parental leave.



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