

Premier's Council for Women

Initial Submission to the Inquiry into Paid Maternity, Paternity
and Parental Leave

June 2008

Productivity Commission

Background to the Premier's Council for Women (PCW)

The Rann Labour Government Premier's Council for Women (PCW) was formed in 2003 as the advisory body to the Government on women's issues. It provides recommendations, information and advice to the Premier, the Minister for the Status of Women, to facilitate a whole of Government approach to ensuring women's needs are met.

Executive Summary

The PCW welcomes the opportunity to make a submission to the Productivity Commission's Inquiry into Paid Maternity, Paternity and Parental Leave.

The PCW submission is made in recognition that women, men and children, are greatly affected by the lack of universal paid maternity, paternity and parental leave in Australia.

The underlying principles of this submission are that:

- A national paid maternity, paternity and parental leave scheme should be established, and
- Any such scheme needs to be a Commonwealth Government initiative.

The views expressed in this submission, are those of the Premier's Council for Women and not necessarily those of the Government of South Australia.

Recommendation

The South Australian Premier's Council for Women recommends at a minimum that a universal national Government-funded 14-week paid maternity leave scheme be established, paid at normal replacement earnings and include corresponding superannuation contributions.

Proposal

The PCW proposes that any national scheme for paid maternity, paternity and parental leave should include the following elements:

- must meet the requirements of the International Labour Organisation, *Maternity Protection Convention, 2000* (No. 183), <http://www.ilo.org>
- be flexible to allow for either partner to utilise, considering the diversity of families, their relative earning capacities and job status, and their individual needs
- be accessible to all working women and men, including those in full and part-time employment, those who are self-employed, casual or contract and on a pro-rata basis.
- allow for periods of concurrent leave for both parents at the time of the child's birth, and
- be part of a suite of family friendly policies which support working women and men, thus establishing an equitable framework of minimum rights and entitlements for all Australians wishing to have children.

The PCW submission has chosen not to address the individual scope sections of the paper, but to address the case for the introduction of paid maternity, paternity and parental leave as expressed through both specific research and the voices of South Australian women.

Introduction

This is a crucial time for Australian women. Social changes have seen women enter the traditional workforce in large numbers, while unpaid work in the home and caring responsibilities continue to be disproportionately undertaken by women.

To ensure a fair and equitable society, Governments need to respond by amending social and industrial policies to meet our changing social environment.

Australian women have now been campaigning for Paid Maternity Leave for many decades. This foundation stone to a healthier and more equitable society has been acknowledged and well established in other developed countries for some time.

International Comparisons

There are currently over 120 countries of the world that have paid maternity leave schemes, almost all of them government funded.

Sweden provides generous parental leave: all working parents are entitled to 18 months paid leave per child, the cost being shared between employer and State. To encourage greater paternal involvement in child-rearing, a minimum of 3 months out of the 18 is required to be used by the "minority" parent, in practice usually the father, and some Swedish political parties on the left argue for legislation to oblige families to divide the 18 months equally between both parents. Norway also has similarly generous leave. In Estonia mothers are entitled to 18 months of paid leave, starting up to 70 days before due date. Fathers are entitled to paid leave starting from the third month after birth (paid leave is however available to only one parent at a time). The amount paid depends on wages earned during the previous calendar year - most will receive 100% or full wage but there is an upper limit of three times the national average.

The maternal-leave only system in Bulgaria is even more generous, providing mothers with 45 days 100% paid sick leave prior the due date, 2 years paid leave, and 1 additional year of unpaid leave. The employer is obliged to restore the mother to the same position upon return to work. In addition, pregnant women and single mothers cannot be fired.

In 2000, parental leave was greatly expanded in Canada from 10 weeks to 35 weeks divided as desired between two parents. This is in addition to 15 weeks maternity leave, giving a total possible period of 50 weeks paid leave for a mother. There is still no paid leave for new fathers, however. In Canada maternity and parental leave is paid for by the Employment Insurance system.

In the UK, all female employees are entitled to 52 weeks of maternity leave, 39 weeks of which is paid, with the first six weeks paid at 90% of full pay and the remainder at a fixed rate.

Even in the developing countries of Vietnam, East Timor and West Africa's Burkina Faso, these entitlements have been well installed.

The Argument for a Paid Maternity, Paternity and Parental Leave Scheme

South Australian Women's Voices Forums

In 2007 the PCW held *Women's Voices Forums* in Adelaide and Mount Gambier and an Adelaide-based *Young Women's Forum*. Over 220 women from more than 100 organisations attended. The PCW submission includes comments and observations made by women at these forums.

The forum focus related to women in South Australia's Strategic Plan and while there was discussion on many topics, an overwhelming proportion of responses highlighted issues of employment, work-life balance and equity in the workplace – an indication of the importance of these issues to women in South Australia.

Comments by women at these forums appear in boxed text throughout our submission to reinforce other research and findings.

In the last three decades the Australian work and social landscape has changed considerably as women's participation in the labour market has risen steadily and continues to rise¹. A corresponding change in social and industrial policy that would ensure women could participate equally in the workforce has not occurred.

Barbara Pocock of the Centre for Work + Life at the University of South Australia writes about the failure of Australia's social and industrial policies to adapt to these changes:

"this change is not mirrored in compensating changes in the key cultures and institutions that shape behaviours at work, at home and in the market. Australian households reveal not only unchanging patterns of domestic and care work that remain largely the work of women, but also unrenovated models of motherhood and fatherhood, and workplaces that still have at their centre an 'ideal-worker' who is care-less."²

Women bear the burden of outdated laws

South Australian women are very aware that their position in the labour market is tentatively reliant on their ability to find employment that provides them with the flexibility they need to fulfil their other commitments. They recognise that their need to juggle work and life commitments makes them more vulnerable in the labour market and diminishes their opportunities.

Allowing working carers to balance work and life commitments is crucial to the equitable participation of women in the workplace.

Women at the PCW forums made statements such as:

"There is an extra burden on women in raising families and as workers."
(Adelaide *Women's Voices Forum*)

"Work/life/family issues currently underpin employment for women."
(Mount Gambier *Women's Voices Forum*)

¹ Australian Industrial Relations Commission Decision No PR082005 08/08/05, Paragraph 78.

² Pocock, B. (2003) p. 1.

How to get balance

The Organisation for Economic Cooperation and Development (OECD) makes the connection in their report *Babies and Bosses: Reconciling Work and Family Life* that shows:

“family-friendly policies such as childcare, child-related leave and tax/benefit policies can help create a better balance between work and family-life³”.

Women at the PCW *Women's Voices Forums* also made the connection:

“We need to offer support and encouragement to employers to employ women under flexible hours.”

(Mount Gambier *Women's Voices Forum*)

“Inflexibility in workplaces often stops women working or is a barrier to having children.”

(Adelaide *Women's Voices Forum*)

PCW wishes to comment that of the over 120 countries in the world that have paid maternity leave schemes, almost all of them are Government funded. It must be noted that Australia is one of only two OECD countries that don't provide paid maternity leave and many other nations have had it for at least 50 years.

Paid maternity leave is one of the most essential elements to ensuring women can participate equally in the workforce and PCW urges the Australian Government to at a minimum implement in full the recommendations in the Human Rights and Equal Opportunity Commission (HREOC) “It's About Time: Women, men, work and family. (2007)” report relating to maternity leave. This recommendation recognises that HREOC has written additional recommendations in their submission to the Productivity Commission Inquiry.

Increased population growth through increased fertility

Implementing work-life initiatives into the workplace is a telling way of making South Australia a more attractive place to live, work, have children and bring up families. The intersection of work and family life is a key factor in falling levels of fertility.

PCW supports recommendation 19 from the South Australian Government's Select Committee Inquiry into Balancing Work and Life Responsibilities, which states:

Recommendation 19: That the South Australian Government supports and advocates for a national Government-funded 14-week paid maternity leave scheme paid at normal replacement earnings and including corresponding superannuation contributions.

Australian researcher Peter McDonald has found, through his research, that the number of children Australians want to have is much higher than the number of children they do have. It is a compromise not a choice. This is mainly due to social and industrial institutions not providing the support they, as working carers, need and thereby dramatically reducing the choices available to women who have children:

³ OECD Report (2004) *Babies and Bosses - Reconciling Work and Family Life (Vol. 1): Australia, Denmark, The Netherlands*.
http://www.oecd.org/document/32/0,3343,en_2649_34819_30652384_1_1_1_1,00.html

"Low fertility is not a product of people rejecting the family way of life ... most young people still want to have a partner and to have children. However, they change their minds in the face of reality" (McDonald, 1998).

An essential part of increasing fertility is to facilitate better work-life balance and increase the choices available to women. There is clear and documented evidence that when work and life issues are not addressed fertility decreases, and that with good work and life policies it increases. The Institute for Research into International Compositeness found that:

"Countries that facilitate regular female employment ... by offering public support for child care for 0-3 year olds, flexible working hours and individual tax systems, are also those countries with the highest fertility rates" (Austen & Bircher, 2002).

Among OECD countries, those with work and life policies that include paid maternity leave, paid parental leave, flexible working arrangements, subsidised high-quality childcare and tax systems that do not disadvantage second earners have higher rates of fertility (OECD, 2003a; 8).

" 'Caring' is a disadvantage in Australia's industrial system and traditional workplaces benefit the 'careless' " (Pocock, 2005a; 20).

Comments by South Australian women at the PCW forums reflect the interactions between good work-life balance policies that facilitate greater choice for women and fertility rates.

Women at the PCW forums called for things such as paid maternity leave, better access to better childcare and more flexible working arrangements:

"Young women perceive they can either have career or children. The role of mothering is devalued. Work/life balance is a myth."

Adelaide Women's Voices Forum

"Women need time out to have children, there is a link between work/life balance and fertility rate increase."

Adelaide Women's Voices Forum

"Inflexibility in the workplace often stops women working or is a barrier to having children."

Adelaide Women's Voices Forum

"Promote fertility through paid maternity leave."

Adelaide Women's Voices Forum

"Promote incentives for women to have children through improved access to childcare and paid maternity leave."

Adelaide Women's Voices Forum

"The interrelationship between fertility and work/life pressures which prevent population increase."

Adelaide Women's Voices Forum

For there to be any impact on fertility rates, social and industrial policies need to reflect the realities of modern work and care regimes, while supporting flexibility and choice in work and life arrangements. The HREOC report into balancing work and life states:

“Australia does not yet have a new social vision that supports these dual roles for both men and women. The most appropriate vision for Australia must be one that is flexible enough to support families throughout the life course as caring responsibilities and care needs change” (HREOC, 2007; 39).

For Australia to remain a sustainable and caring society, changes to legislation and policy have to reflect the changes that have already occurred in Australia. In its submission to the Federal Inquiry into Balancing Work and Life, PCW urged the Federal Government to show leadership on work/life balance:

“the Federal Government must play a leadership role in setting the national benchmarks for work conditions to support families in achieving a work-life balance and in providing incentives to employers to be creative in the flexible work-family options they offer their employees. Benchmarked against other countries, Australia is not currently doing so well in this regard” (Premier’s Council for Women, 2006).

Paid Maternity Leave

Paid maternity leave recognises the physical requirements of late pregnancy, child-birth and breastfeeding. It is one of the most essential elements to ensuring women can participate equally in the workforce (Work + Policy Roundtable, 2007; 9).

PCW is concerned that despite significant changes to the industrial policy, the 2006 Federal Inquiry into Balancing Work and Life and the release of the 2007 Human Rights and Equal Opportunity Commission’s report “It’s About Time”, the National Government has not yet introduced a paid maternity leave scheme.

Security4Women (consortium of women’s groups) has stated that:

“ Australian families need family friendly working environments to allow for increased productivity ... Australian children and their parents need to have

- Opportunities for new parents to bond with their newborns
- Family friendly working environments on parents’ return to work,
- Access to good quality and affordable child care

Australian businesses need Government policies to help achieve this.”

The issue of paid maternity leave was consistently raised at the PCW forums.

One woman outlined measures she thought would encourage women to have more children:

“Access to - paid maternity leave; family-friendly workplaces on return to work; and access to meaningful part-time employment at senior levels.”
Adelaide Women’s Voices Forum

A universal and federally-funded paid maternity leave has been costed by both the former Federal Sex Discrimination Commissioner and more recently by the Centre for

Work + Life. The costs to the community are small and the potential benefits great (www.humanrights.gov.au).

PCW believes that Australia must act now to join the rest of the world!

Paid Parental Leave

PCW believes that it is important for extended leave to be available to both women and men, and that extended paid parental leave should be available to all parents during the early years of their child's lives. If women continue to be the only parent with access to extended leave for child-rearing it will undermine the position of women in the paid workforce and continue to exacerbate existing inequity in household and caring responsibilities.

It is vital for this leave to be paid, as unpaid leave or one-off payments like the 'baby bonus' remove the choice for parents, particularly parents in low-paid and insecure employment, to choose to take extended leave to spend time with young children (Work + Family Policy Roundtable 2007).

Paid parental leave is also an important tool to increase participation by men in home and care responsibilities, and facilitate greater equity in the paid workforce by increasing number of men who take extended leave from the labour market to care for children.

In 2002 "HREOC argue(d) that paid maternity leave contributes to the health and wellbeing of mothers and babies, and addresses in part the disadvantage and inequality that women experience in the workplace as a result of their role in childbirth.

In addition ... HREOC also considers that a national paid maternity leave scheme would provide a range of social benefits to the community (*and*) recognise the dual role that many women take on as the bearers and carers of children as well as being active participants in the labour force.

While HREOC considers that addressing the declining fertility rate is not a primary objective of a paid maternity leave scheme, the issue of fertility rates is an important element in this discussion. ... (T)he declining fertility rate suggests that public policy to date has insufficiently recognised and supported the choices young women and their families wish to make. Australia's falling fertility rate signals that a range of measures need to be introduced to allow women to combine work and family as they decide. Paid maternity leave is one such measure."

PCW supports the HREOC key national objectives for a national Paid Maternity Leave scheme.

HREOC believes that a number of key national objectives must be met.

These priority objectives include:

- **ensuring the health and wellbeing of mothers, babies, and families** – including providing time for women to recover physically and emotionally from childbirth, to establish and maintain breastfeeding and to support maternal and paternal bonding and attachment.
- **addressing the workplace disadvantage that women experience as the result of their maternal role** – in order for women to participate in the labour market on an

equal basis as men, there must be sufficient measures to support the combination of motherhood with employment.

- **gender equality objectives, both in the workplace and in the home** – paid leave is an essential means for achieving gender equality. It will enable a better sharing of family responsibilities between men and women, allowing women to participate more fully in paid work and public life, and men to participate more fully in family life.

Other important objectives are:

- **economic security for parents at the time of the birth of a child and over the lifecycle** – paid leave would directly contribute to increasing economic security by providing a guaranteed source of income upon the birth of a child. Paid maternity leave in particular would provide income replacement for women in employment who are currently required to forego their regular income as a result of taking time out of the workforce to give birth, with long reaching effects on women's retirement savings as a result.

- **social benefits** – such as supporting the rearing of the next generation, valuing motherhood, fatherhood and children, and valuing the dual role of men and women as both workers and carers.

- **benefits to the economy and to employers** – through, for example, maintaining mothers' labour force attachment, particularly in areas of skills shortages, and providing savings on the cost of recruiting and retraining new staff and increasing the return to work rates of women who take time out of the workforce to raise their children.

PCW is absolutely convinced that an appropriately designed universal national paid leave scheme for mothers and fathers will positively contribute to each of these objectives.

Economic Disadvantage

With extended periods in and out of the workforce to meet their caring responsibilities, women who have children are already disadvantaged in comparison with men in their income over time and in the superannuation entitlements they can accumulate. The ongoing effects of earning less than male counterparts and the difficulties in securing ongoing well-paid employment when returning to the workforce all contribute to the relative poverty of women (Parr, 2007; 2).

Recommendation

The South Australian Premier's Council for Women recommends at a minimum that a universal national Government-funded 14-week paid maternity leave scheme be established. This is to be paid at normal replacement earnings and including corresponding superannuation contributions.

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