

Submission

on

**Paid Parental Leave:
Support for Parents with Newborn Children**

to the

Productivity Commission

GPO Box 1428

Canberra City ACT 2601

Phone: (02) 6240 3221

Fax: (02) 6240 3377

Email: parentalsupport@pc.gov.au

Website: www.pc.gov.au

by

FamilyVoice Australia

4th Floor, 68 Grenfell St.

Adelaide SA 5000

Phone: 1300 365 965

Fax: 08 8223 5850

Email: office@fava.org.au

Website: www.fava.org.au

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1. Introduction

The Productivity Commission has released a draft inquiry report on Paid Parental Leave: Support for Parents with Newborn Children. This report proposes the introduction of a taxpayer-funded paid parental leave scheme that would:

- provide paid postnatal leave for a total of 18 weeks that can be shared by eligible parents, with an additional two weeks of paternity leave reserved for the father (or same sex partner)
- provide the adult minimum wage (currently \$543.78) for each week of leave for most eligible employees, with benefits subject to normal taxation.

“Eligible parents” would be all employees with a reasonable degree of attachment to the labour force, including the self-employed, contractors and casual employees.

The Commission has invited public submissions on this proposal and is conducting public hearings before finalizing its report by the end of February 2009. Submissions are due by 14 November 2008.

2. Picking favourites: attachment to the labour force

The Commission’s proposal is openly discriminatory in favour of women who have been employed for “an average of at least ten hours a week of work (with one or more employers) with continuous employment for the 12 months prior to the date of expected birth.”¹

The proposal would, on average, give new mothers who had the requisite “attachment to the labour force” payments totalling up to \$10,669 during the 18 weeks after giving birth. Allowing for clawing back of some of this payment, through taxation and through ineligibility for some family tax benefits, a mother in this favoured category would make a net gain of more than \$3,000 over the amount her entitlements would be in the absence of the proposed scheme.

In stark contrast, the unfavoured mothers, who do not demonstrate the required level of “attachment to the labour force”, would continue to receive \$5000 maternity allowance (a rebadged baby bonus) and around \$654 in family tax benefits – a total of \$5654 – during the 18 weeks after giving birth.²

This \$3000 deficit in support would, the Commission acknowledges, impact particularly on women with more children. “Mothers with more children are more likely to be outside the workforce prior to childbirth. For mothers in the paid workforce, the greater number of their children, the more likely they are to leave the workforce after childbirth.”³

Various reasons are given by the Commission for this overt discrimination:

- “... a stay at home parent does not require incentives to prolong an absence from work.”⁴

Stay at home parents are just ordinary women who like all other women have to weigh up the advantages and disadvantages of working outside the home or of being a full time carer for their children. It seems implausible that income support for the first 18 weeks after birth would not act as an incentive to some women to be able to make the choice to be a full time carer for their child.

- the “encouragement of women of reproductive ages to maintain their lifetime attachment to the workforce”⁵ The Commission argues that stimulate lifetime employment rates of women — potentially contributing around six months of net additional employment per woman.⁶

It is hard to see what overwhelming benefit to the country this relatively minor increase in net additional employment of women would deliver, especially as such a net increase is at the cost of an equivalent decrease in the net time women spend with their infant children.

- “... promote some important, publicly supported social goals, and in particular, the normalcy of combining a caring role for children and working”⁷

The Commission notes that only 51% - just over half – of all mothers are engaged in paid work some 18 months after giving birth. Evidently nearly half of those most closely concerned about this issue – mothers themselves – do not think it desirable to combine “a caring role for children” – at least children under 18 months – “and working”. The Commission is proposing a discriminatory scheme which disfavours some mothers in order to promote a social engineering message that is not in accord with the views of about half of the relevant constituency.

Recommendation 1:

The Commission’s proposal is overtly discriminatory against women who choose to be full time carers of their children, and particularly against women with more children. The draft inquiry report fails to produce persuasive public policy grounds to justify this discriminatory proposal. The Commission should therefore replace its proposal with one that treats all mothers equally.

3. Return to work six to nine months after birth

The Commission thinks that its proposal would favour a return to paid work about six months after birth for many women, and perhaps up to nine months for those who already have access to paid parental leave through employment contracts.⁸

However, the Commission acknowledges that “Overall, there is compelling evidence of child and maternal health and welfare benefits from a period of absence from work for the primary carer of around six months and a reasonable prospect that longer periods (of up to nine to 12 months) are beneficial.”⁹

It seems illogical then to be proposing a scheme that is not even targeted at increasing the number of mothers who would abstain from work for the probably beneficial period of 12 months.

The Commission’s dismissal of mothers with more children from its concern is particularly puzzling. It would be hard for any mother to qualify for the proposed paid parental leave if she had children whose births were spaced less than a full 24 months apart.

There is evidence that suggests the Commission’s limit of “12 months” before return to paid work as beneficial is far too short.

Jay Belsky has reported the main findings from the NICHD Study of Early Child Care in America, in which over 1200 children from 10 communities were followed from birth through to starting school.¹⁰

“Critics of earlier research had suggested the problem of day care was all to do with poor quality, but the new study found that even when controlling for the quality of care, the quantity of day care still mattered. Children who spent early, extensive and continuous time in the care of non-relatives were more likely to show later behavioural problems, such as aggressiveness and disobedience, as indicated by ratings from their caregivers, their mothers and eventually their teachers.

“The type of care mattered too. The study found children who spent more time in a child care centre (as opposed to in another person’s home with a non-relative, or in a home with a relative other than

their mother) tended to show benefits in terms of their cognitive and linguistic development, but to also show more behavioural problems, being more aggressive and disobedient.

“Finally, and not surprisingly, the quality of care was also found to be relevant, in terms of how attentive and responsive carers were, and how stimulating the care environment was. Low quality care was particularly detrimental to the children of mothers who lacked sensitivity. High quality care on the other hand was associated with later superior cognitive-linguistic functioning.

“Given these results, and similar findings from British studies such as the EPPE Study¹¹, Belsky concluded that policies should be introduced to discourage parents from putting their children into day care for too long, including the expansion of parental leave, and tax policies to reduce the economic factors that encourage parents to leave their children in the care of other people.”¹²

This evidence on the potential harms of long term day care should be taken into account in assessing the impact of any model of paid parental leave on the development of young children. Models, such as that proposed by the Commission, which create incentives to return to paid employment while children are still under five should be ruled out because of the potential for adverse harms to children.

Recommendation 2:

The Commission’s proposal, which envisages a return to paid employment of women some six to nine months after giving birth, fails to adequately take into account the effect of the proposal on the development of young children. The Commission should therefore replace its proposal with one that treats all mothers equally.

4. An alternative proposal

As the Commission’s proposal would only provide a benefit to approximately half of the women who give birth each year it should be replaced with an equitable proposal that treats all mothers fairly.

From 1 January 2009 the baby bonus is to be paid in 13 fortnightly instalments of \$387. By distributing the expenditure proposed by the Commission equitably to all women who give birth these fortnightly payments could be increased to \$577 for a total baby bonus of \$7500.

Recommendation 3:

That the Commission should replace its proposal with one that provides for all mothers to receive an increased baby bonus of \$7500 paid in 13 fortnightly payments of \$577.

5. Stillbirth or neonatal deaths following abortion

The Commission proposes that “mothers of a stillborn baby, where the baby meets the requirement for birth registration”¹³ would, if they are otherwise eligible, be entitled to paid parental leave as other eligible mothers. The Commission notes that “Parents must register stillborn babies weighing more than 400 grams, or more than 20 weeks in gestation as a birth. This requirement reflects the significant development of the embryo.”¹⁴

It is important to note that these rules for birth registration apply also to children who are delivered either stillborn or who die shortly after birth as a result of a procured abortion. Any scheme adopted should not apply in these circumstances. It would be inappropriate and offensive for the *baby* bonus, a *maternity* allowance or paid *parental* leave to be funded by the taxpayer in the circumstances of a procured abortion.

Recommendation 4:

That the Commission include in any proposal it finally decides upon a clear statement that there is no eligibility in the case of a stillbirth or neonatal death that results from a procured abortion.

6. Endnotes

1. *Paid Parental Leave: Support for Parents with Newborn Children*, Productivity Commission, 2008, http://www.pc.gov.au/_data/assets/pdf_file/0004/83425/parentalsupport.pdf , p.2.4
2. Ibid., p. xxviii
3. Ibid., p. 3.1
4. Ibid., p. xxvii
5. Ibid. p. xxviii
6. Ibid., p. xiv
7. Ibid., p. xiv
8. Ibid., p. xxi
9. Ibid., p. 4.44
10. Belsky, J. (2006). Early child care and early child development: Major findings of the NICHD Study of Early Child Care. *European Journal of Developmental Psychology*, 3, 95-110.
11. <http://www.ioe.ac.uk/schools/ecpe/eppe/index.htm>
12. Is day care harmful to small children?, *Research digest blog*, British Psychological Society, <http://bps-research-digest.blogspot.com/2006/03/is-day-care-harmful-to-small-children.html>
13. *Paid Parental Leave: Support for Parents with Newborn Children*, Productivity Commission, 2008, http://www.pc.gov.au/_data/assets/pdf_file/0004/83425/parentalsupport.pdf , p. xxxvii
14. Ibid., p. 2.26