

The Benevolent Society

Submission to the Productivity Commission Draft Inquiry

Report into Paid Parental Leave

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ABOUT THE BENEVOLENT SOCIETY

The Benevolent Society is Australia's oldest charity. Since 1813, we have identified major social challenges and worked to meet them head on. We aim to tackle social inequality by building caring and inclusive communities. We deliver leading edge programs and services, find innovative solutions to complex social challenges and call for a more just society. Our strength lies in our expertise across the lifespan, delivering services for children and families, older people and in women's health, community based and respite care, community development and social leadership programs.

The Benevolent Society currently operates child and family services throughout greater Sydney, the Central Coast, Central West, New England and Hunter areas in NSW. We have also expanded into South East Queensland where we are running an Early Years Centre and establishing another, both funded by the Queensland Government. The focus of all our services is on working with communities to build resilience and address disadvantage.

Our approach to providing child and family services is strongly shaped by both current research and thinking in this area and our own experience initiating and implementing integrated child, family and community initiatives in high need communities.

Our work with children, families and communities is underpinned by a philosophical approach that:

- Has a strengths or assets approach to individuals, families and communities
- Strengthens relationships between individuals, families and communities
- Focuses on the systemic issues, as well as the interpersonal ones
- Is holistic, comprehensive and long-term
- Supports long-term intervention to prevent abuse and neglect of children
- Is committed to nurturing children and families.

The Benevolent Society welcomes the opportunity to comment on the Productivity Commission's Draft Inquiry Report into Paid Parental Leave. We pride ourselves on being a workplace where employees can balance their work and family responsibilities, and we have a voluntary paid parental leave scheme. We believe that if adequately implemented a paid parental leave scheme is a timely initiative that has the opportunity to benefit not just young children and their families but also the broader community.

Australia's adoption of a paid parental leave scheme acknowledges the responsibility we have as a community to recognize the importance of, and offer support for, the role of caring for young children. Paid parental leave makes a significant contribution towards addressing gender equity in the workplace. It is a necessary policy response to the strong evidence base that a child's health and wellbeing outcomes are likely to be better if they are breastfed and have the opportunity to form secure, loving attachments to their primary carers in their infancy. This is a long overdue opportunity for Australia to catch up with international standards around paid parental leave as the majority of OECD nations have implemented paid parental leave systems.¹

The Benevolent Society believes the rights of children are at the heart of providing paid parental leave. Children have a right to consistent, quality care by a parent in their crucial formative years where the groundwork for optimum brain development and emotional functioning is laid. Likewise, women should be entitled to paid leave from work to recover from childbirth and spend time bonding with their babies and learning how to respond to their needs. Unfortunately, as the Productivity Commission identified, parents on lower incomes are the least likely to work for employers with voluntary paid parental leave schemes and are least likely to be able to afford to take unpaid parental leave. It is commendable to see that the Commission's recommendations are aimed at developing a paid parental leave system where lower income parents would be the major beneficiaries.

¹ OECD (2006) Key characteristics of parental leave systems. < www.oecd.org/dataoecd/45/26/37864482.pdf>

SUMMARY OF RECOMMENDATIONS

The Benevolent Society recommends that the Commonwealth Government implement a paid parental leave system offering at least one year of paid leave.

We support:

- The proposal for parental leave to be paid by the government at the minimum wage. We encourage employers to top this up in recognition of the International Labour Organisation's Maternity Protection Convention
- Capping superannuation at the minimum wage
- That the government finance the scheme and that employers finance employee's superannuation
- The proposal's recognition of diverse family structures
- Having a period of parental leave that is only accessible to the non-primary carer
- Parents being able to transfer leave and have flexibility to take leave on a part time basis
- The provision for paid parental leave to be available for mothers where their baby was stillborn
- The funding arrangements for the scheme which uses the baby bonus and Family Tax Benefit B
- That the Australian government provide services to support breast feeding in the first six months of life particularly in the post initiation phase
- A 'keeping in touch' provision subject to employer- employee consent that allows the employee to work up to 10 days whilst on paid parental leave.

We recommend:

- The Commission reconsider its position on leave entitlements for multiple births
- The exclusion of foster carers from the proposal be given more consideration particularly in view of the difficulties in recruitment of foster carers and the increasing numbers of children requiring care

- Paid parental leave be developed within an integrated children's policy framework particularly in reference to the Council of Australian Government's reforms impacting on young children and the strong connection between low carer child ratios in formal childcare and paid parental leave
- The development of integrated services for families with young children
- More consideration be given to women who may have had inconsistent casual work and just fall below the required threshold of being able to prove a reasonable attachment to the workforce.

DURATION

The period of 18 weeks recommended is a considerable improvement on the current system and a welcome first step. Two weeks paid parental leave that cannot be transferred to the primary carer is also welcome as it will give the secondary carer (usually the father) time to bond with their child.

However, based on existing research on attachment and child development, The Benevolent Society believes that Australia should implement a paid parental leave system offering at least one year of paid leave. As this is a major transition it is likely to be more viable to introduce such a scheme in stages.

There is strong evidence showing the importance of building strong attachments with a primary carer in early childhood for a child's long term emotional, social, physical and cognitive development.² As identified in the report, the major reason why families do not take unpaid parental leave is the financial burden of doing so. Paid parental leave would be a significant step to removing one of the main barriers to a parent providing continuous, loving, one to one care for their child during infancy.

The Benevolent Society acknowledges the important connection made in The Commission's report on low rates of maternity leave correlating with lower breast feeding rates and the compelling evidence of the importance of at least six months

² Daniel, B & Wassell, S (2002) *The School Years: Assessing and Promoting Resilience in Vulnerable Children 2*. Jessica Kingsley Publishers, London.

breast feeding. This is reinforced by World Health Organization guidelines³ indicating that babies should breast feed for a minimum of six months. A recent study by the Australian Nursing Federation showed that nearly 40% of surveyed women felt that not having access to paid parental leave impacted on their ability to breastfeed⁴. Unfortunately, under the current proposal of 18 weeks many of the women most vulnerable to financial burden would not be able to afford to take additional leave to ensure they could breast feed for six months.

HOW MUCH

The Benevolent Society is supportive of the proposal for parental leave to be paid at the minimum wage as this will have significant benefit for those who need it most. We agree that the proposal will give sizeable benefits on average but that women who currently have the least access to parental leave, and are earning less will generally benefit more than those on higher wages. However, the International Labour Organization's Maternity Protection Convention⁵ recommends that the amount of maternity leave shall not be less than two-thirds of the woman's previous earnings.

We hope that employers which currently provide voluntary paid parental leave provisions see the proposed paid parental leave scheme as an opportunity to enhance their provisions, rather than reduce their commitment to paid parental leave. There are considerable benefits for employers in providing attractive paid parental leave conditions by being able to attract and retain skilled women before and after childbirth.

We believe that capping superannuation at the minimum wage will increase the viability of having a longer period of paid parental leave without placing additional stress on employers or create a situation where employers discriminate against women of child bearing age.

³ World Health Organization (2003) Infant and Young Child Feeding <http://www.who.int/nutrition/publications/inf_assess_nnpp_eng.pdf pp.9>

⁴ Australian Nursing Federation 2008 Maternity, Paternity and Parental Leave Survey Report Results

⁵ International Labour Organization 200 C183 Maternity Protection Convention, 2000

WHO PAYS

The Benevolent Society agrees with the proposal that the government finance the scheme and that employers finance employee's superannuation. We believe this is the best model as it is unlikely to lead to discrimination surrounding the employment of women of child bearing age and will take significant pressure off small organizations to fund the scheme. For the non profit sector this is also important as many progressive employers place high value on the skill and commitment of their staff and would like to give adequate paid parental leave but are operating on limited budgets or grants and this makes it more challenging.

Government financing of the scheme is also an important affirmation of the public responsibility to invest in, and provide practical support for, caring for young children. We are supportive of the funding arrangements for the scheme which uses the baby bonus and Family Tax Benefit B.

ELIGIBILITY AND REQUIREMENTS FOR USE

The Benevolent Society is supportive of the inclusivity of the proposal, particularly that it recognizes the diverse structure of families. Having parental leave that is only accessible to the non-primary carer is also an important acknowledgement of the vital role that fathers and same sex parents play in their baby's life. We support the provision for paid parental leave to be available for mothers where their baby was stillborn.

We believe it is important to reconsider the recommendations regarding leave entitlements for multiple births where the parent is only entitled to parental leave for one child and to a maternity payment for subsequent births. Parents with multiple births should be given the option of taking a leave period for each child rather than only having access to the maternity payment for subsequent children. Drawing on international examples such as France which offers additional leave for twins may be useful.⁶

⁶ Ray, R (2008) A detailed look at Parental Leave Policies in 21 OECD Countries. Centre for Economic and Policy Research< www.scribd.com/doc/5427729/A-Detailed-Look-at-Parental-LeavePolicies-in-21-OECD-Countries>

The Benevolent Society is supportive of parents being able to transfer leave and have flexibility to take leave on a part time basis.

We have some concern that long term foster carers are not included in the proposal. State governments fund allowances to assist foster carers with the costs of raising the children in their care. However, these allowances do not cover any time required to be taken from paid work or loss of salary due to time required to prepare for the long-term placement of a child or to establish a secure relationship with the child. We understand that this issue is complex and recommend that it be given more consideration particularly in view of the difficulties in recruitment of foster carers and the increasing numbers of children requiring care.

COMPLEMENTARY POLICIES

A policy on paid parental leave should be developed within an integrated children's policy framework as it is strongly interconnected with other aspects of children's development and services. Commitment to better outcomes for children and their families, particularly for those that are most disadvantaged must be at the centre of policy decisions. This is timely considering the current COAG reforms impacting on young children, and the development of a quality framework for early learning and care.

Of particular relevance is the strong connection between the need for low carer child ratios in formal childcare and paid parental leave. An important component of providing quality early childhood education and care is having low child to carer ratios, especially for 0-2 years age group, as they promote closer attachments between children and their carers and enable carers to be more responsive to the needs of the children in their care. Providing lower ratios in a formal child care setting results in considerable cost to either the parent or government. However, if less young children are in formal care in their first year of life as a result of a generous paid parental leave scheme, there will be less demand on the already stressed early childhood education and care sector to train, pay, recruit and maintain a skilled early childhood workforce.

The development of integrated services for families with young children is highly desirable as families can access a range of services including early learning and care, health, parenting and family support and specialist intervention in a non-stigmatizing environment. This includes early identification and referral of any health or developmental issues. Integrated child and family centres can be a place where communities build capacity and parents and children form networks and feel welcomed and supported. The Benevolent Society has investigated the benefits of integrated child and family centres internationally.⁷ There is growing evidence that one point of access to a range of services for families of young children can improve outcomes. In the Australian context there is a policy shift towards integrated services for young children. This is of particular note in Queensland and South Australia who are in the process of implementing policy in the development of integrated child and family centres.

We are highly supportive of the Productivity Commission's draft recommendation that the Australian government provide services to support breast feeding in the first six months of life particularly in the post initiation phase. As has been identified in the report this would be of particular benefit to women on low incomes who are likely to breast feed for a shorter amount of time.

We are supportive of including a 'keeping in touch' provision as outlined in the proposal subject to employer-employee consent that allows the employee to work up to 10 days whilst on paid parental leave.

NON ELIGIBLE PARENTS

We hold concern for women who may have had inconsistent casual work and just fall below the required threshold of being able to prove a reasonable attachment to the workforce. Of particular concern are those in low paid casual work such as retail and hospitality who may have inconsistent hours and have shifts cut as a result of the economic downturn.

⁷ Antcliff, G (2007) *The Early Years: Investigating programs in North America and Europe*. The Winston Churchill Memorial Trust of Australia.

CONCLUSION

The Benevolent Society believes that introducing paid parental leave will deliver long term social and economic benefits. Government implementation of paid parental leave is a strong indication of support for a society that is just, fair and recognizes not just the rights of children and parents, particularly mothers but also the valuable contribution that women make to Australian society. We urge government to show strong leadership by listening to the overwhelming public sentiment and implement paid parental leave.