

# **Response to the Productivity Commission's draft report: Paid Parental Leave: Support for Parents with Newborn Children**

(Note these question were prepared by the NFAW)

1. Are you an individual male or female, or responding on behalf of an organisation? Female
2. *If individual*, what is your age? Under 20, 20-34, 35-44, 45-54, 55 or over. 55 and over
3. *If individual*, do you have dependant children? No
4. *If individual*, are you expecting or planning to have children in the future? No
5. *If individual*, are you an employee, an employer, self-employed without employees, or not currently in paid work?  
Self employed without employees

## ***All respondents:***

6. Are you in favour of paid maternity leave for mothers? Yes
7. Are you in favour of paid leave for fathers? Should it be a separate entitlement or shared between parents? Both
8. Who should be included?
  - a. Casual employees, permanent, self employed, contractors, mothers outside the paid workforce, other? All except mothers outside the paid workforce
  - b. What recent employment record, if any, should be the criterion for eligibility? 9 months in previous 12
  - c. Should adopting families be treated the same way? Yes
9. What about those with stillborn children or those whose baby dies? Yes
10. What duration of paid leave do you think is appropriate? At least six months
11. The start date – should it allow for time off before the birth? Should it be able to start later than the six months cut-off proposed by the Commission? It should allow time off before the birth and should be as flexible as possible
12. Should people be able to use sick leave, recreation leave or partly accrued long service leave to extend the period of paid leave? In your experience will low income women especially have enough accrued leave to bring their period of paid leave up from the 18 weeks to the six months accepted as the desirable minimum? Yes but it should not be compulsory

13. What level of payment is appropriate, eg minimum wage, replacement, replacement capped at a certain level, other?  
replacement
14. Do you think it should be means tested? No
15. How do you think the leave should be funded?
- a. Government only,
  - b. Employer should pay
  - c. Government with an employer top-up
  - d. Government and a levy on all employers, or Government and a levy on both employers and employees  
Government and a levy on all employers
  - e. HECS style loan, repaid by parent later, or special savings accounts possibly as an additional option
  - f. Other and if so, what?
16. How should 'self-employed' be defined? No comment
17. Should the leave be able to be taken part-time? In more than one period? both
18. What would be the effect on employers of parents extending their leave? It should be negotiated. Probably easier if the leave is taken in one period.
19. What other Government policy changes should be made, along with or complementing the proposed scheme?  
Accessible, affordable high quality child care. Fund parenting assistance programs
20. Should other forms of leave (sick, recreation, long service) accrue while the employee is on paid parental leave? Yes
21. Should employers be required to continue to pay super entitlements? Yes through the levy
22. Should a Government funded scheme be paid through employers or direct by Government, eg Centrelink? It should be optional for the employer
23. Should small-medium employers receive a payment to compensate them for the costs of short-term replacement hiring? If so, how much? Yes. 4 weeks of the woman's wage

24. What are the implications of the Commission's proposal for breastfeeding? At least 6 months is vital for breastfeeding

25. What are the implications for the health and wellbeing of the mother and child? At least six months is vital for wellbeing of the baby and mother, and future cognitive, physical, social and emotional development of the child

26. Would you support the option of an income contingent loan in addition to the Commission's recommended scheme? (A loan where the parents did not have to start repaying until their income reached a certain level). Yes

Other comments:

I believe that the Commission has entirely misunderstood my proposal for a combination of Government funding and a levy.

What is needed is six months income protection for parents after the birth, a period before the birth for women who are unable to work up until the birth, either because of their own health and any pregnancy complications, the suitability of their work for pregnancy, and any fall off in productivity due to the pregnancy. Plus 4 weeks income protection for fathers/partners to take special paternity leave. The parental leave should be paid at the mothers ordinary income, but be available for fathers/partners.

The commission has stated that 6 months leave is desirable. However for those currently earning around the minimum wage there is very little scope for saving and many are casuals without leave entitlements. For those earning more than that, housing costs often take up a large proportion of their income. Family income structures vary – some low wage women have high earning partners, some high earning women have low earning partners. While over the long term people need to arrange their expenditure to fit their incomes, this should not be the way we manage childbearing in Australia. People should not have to endure a financial crisis or loss of home when they have babies. Nor should parenthood or the wellbeing of babies need to be sacrificed for short term financial reasons.

It is inappropriate for it to be entirely funded by Government, although the Baby Bonus and Family Tax Benefit Part B could be a component. The Keating and Howard Governments went through extensive consideration of Government funded maternity leave, resulting in (1) the Maternity Allowance and (2) increase and renaming as Baby Bonus. While both were intended for women who had been in paid work, political pressure resulted in these being paid to all new mothers.

The Commission has stressed that its proposal should not be seen as welfare. However it is welfare, defined as a government paid flat rate payment. It is not possible to convince the community (or anyone else) that it is not welfare. Welfare in Australia is based on relative need. It can be means tested or not, but it should not increase with previous income.

The serious unpopularity of the Baby Bonus is because it violates people's expectations that welfare should be directed to those in greatest need. A Government payment that only goes to those who have been in work would be extremely unpopular as it would exclude those in much worse financial circumstances, particularly social security recipients, but also women who did not have qualifying work history.

Therefore it should be paid by employers, as are other forms of income protected leave. It then becomes part of working conditions and entitlements, and part of the share of production that goes to labour. There is no debate that paid recreation or sick leave are legitimate parts of remuneration.

However, if employers were expected to pay directly to the eligible worker, the six month period and the fact that the leave is needed by a particular demographic would skew women's position in the labour market, create uncertainty for small business and impact heavily on employers with a high proportion of female workers.

Hence the need for insurance for employers, parallel to workers compensation insurance. The proposed levy is not a hypothecated tax.

As the insurance scheme would be compulsory, as is workers compensation insurance, it can be extended to a larger group than for other forms of paid leave, for example, casuals and those who have moved employers.

Small business owners of my acquaintance have welcomed the proposal when they understand that they do not have to meet the leave payments directly, that there would be a level playing field between small and larger businesses who offer paid parental leave, that the levy would be so low, and that they would receive some compensation.

The argument that business should not be asked to accept this scheme means that the welfare of children and families would be sacrificed to avoid Government having to negotiate with small business. This is a very strange ordering of

priorities. At present small business groups have been loud in their condemnation of any paid parental leave, but this is fuelled by a fear that they would have to pay directly.

I regard the Commission's current proposal as a wasted opportunity to canvass more imaginative options.

The Commission's instrumentalist argument that its proposed allowance should not be available until the birth and that it should not be taken in conjunction with employer top-ups because this would reduce its effectiveness as an incentive to stay at home for longer reflects a purist economic rationalism that takes no account of the reality of women's experience of pregnancy and of family financial circumstances.

Its argument that no-one would live in poverty also reflects a very academic notion of need.

I ask the Commission to provide more than one option for Government, including a form of employer insurance as an alternative to the proposal set forth in the draft report.