

Productivity Commission Draft Report - Paid Parental Leave: Support for Parents with Newborn Children

Submission by the Australian Bureau of Statistics

Introduction

This submission from the Australian Bureau of Statistics (ABS) relates to some of the statistics presented in the draft report. Specifically, the purpose of the submission is to:

- I. clarify, and correct any misunderstandings in relation to, data adjustments for 'did not know' responses in ABS data on entitlements to paid parental leave;
- II. provide some recent information in relation to the possible reasons for 'did not know' responses in relation to questions on paid parental leave entitlements;
- III. provide some general comments relating to the presentation of data in the report.

i Data adjustments for 'did not know' responses

The draft report presents "adjusted" estimates of the proportions of men and women with entitlements to paid maternity/paternity leave which are based on ABS estimates. In the report, the ABS estimates have been adjusted by the Productivity Commission by allocating 50% of the "did not know" responses to the "Entitled to maternity/paternity leave" group and 50% to the "Not entitled to maternity/paternity leave" group.

This adjustment is based on an assumption that the report incorrectly attributes to the ABS as follows:

"Such respondents are assumed by the ABS (2008c) to have a 50 per cent chance of being eligible for paid parental leave."

However, the ABS has made no such assumption. If the Productivity Commission wishes to adjust the data in this way, then it should be made clear that this is a Productivity Commission assumption, and should not be attributed to the ABS.

To explain this matter further, the ABS published an article on maternity leave in the July 2008 issue of *Australian Labour Market Statistics* (cat. no.

6105.0). The issue of 'did not know' responses was addressed in the article and included the following statement:

"Analysis of the "Did not know" group does not highlight any significant disproportionate distribution across the range of demographic and labour market characteristics. For example, when looking at "Did not know" responses by age, while there was a slight dip for female employees¹ in their thirties, overall the proportion of female employees in the "Did not know" group remains relatively consistent across the ages (generally between 10% to 20%). Therefore, it seems likely that the "Did not know" responses would be spread proportionally across the "Entitled" and "Not entitled" groups."

As stated, the analysis of 'did not know' responses did not highlight any significant disproportionate distribution, and it is therefore reasonable to infer that the 'did not know' group is likely to have a similar distribution to those who did respond yes or no to the particular question. On that basis it could be expected that 53.8% (ie $45.0 / (45.0 + 38.6)$) of the 'did not know' responses would have entitlements to paid maternity leave.

It should also be noted that the analysis of the 'did not know' group presented in the ABS article in 6105.0 was only undertaken for women and not for men, as the article only covered the issue of paid maternity leave for women.

In addition, the key points table at the beginning of Chapter 3 refers to the "adjusted" data, but does not indicate that it is adjusted on the basis of the assumptions discussed above. This is also the case in Appendix C. The nature and basis of the assumptions underlying the estimates should be made clear in both instances.

ii Factors contributing to the level of 'did not know' responses - an update

On page 3.10 of the main report an information box quotes a discussion of 'did not know' responses and is taken from the aforementioned article in *Australian Labour Market Statistics* (cat. no. 6105.0). In the article, and repeated in the draft report, the high level of 'did not know' responses was largely attributed to the Any Responsible Adult (ARA) methodology of the survey. Under this methodology, one member of the household answers on behalf of all members of the household, and the person responding may not be aware of the various entitlements of others in the household.

Subsequent analysis of data from the recently released Survey of Employment Arrangements, Retirement and Superannuation (SEARS) (released 7 November 2008 and published under cat no. 6361.0), which was collected using a Personal Interview (PI) methodology, indicates that the ARA effect on maternity/paternity leave data is considerably less than initially suspected.

The proportion of "Did not know" responses from SEARS, which used a PI methodology, was only a few percentage points lower than the proportion obtained from the Labour Force supplementary survey of Employee Earnings, Benefits and Trade Union Membership (the source for data quoted in the report) which used ARA methodology. It therefore seems likely that a general lack of awareness amongst people of their own parental leave entitlements is the main contributing factor and not the ARA methodology itself.

iii General comments

The following are some general comments relating to the draft report:

- ABS should be listed on p. iv of main report, under "Acknowledgement of data used". A range of published and unpublished ABS data is used throughout the report, and this should be acknowledged.
- In the report and attachments, the word "income" is often used instead of "earnings". Where the data relate to employee earnings, it would be appropriate to label it accordingly as it is not the same as income, which is a broader concept than earnings.
- The report frequently refers to "access" to paid parental leave, whereas the ABS data quoted in the report relate to the "entitlement" to paid parental leave. Access could imply something different to entitlement.
- There are a number of graphs containing ABS data, many of which contain the following footnote; '*Men and women are likely to have access to different durations of leave*'. It is not clear that this footnote is from the same source as the data presented. If not, then the footnote would not seem appropriate as it might be as being sourced from the ABS. Again there is the issue of the use of the term "access" - in this context it seems to be referring to "usage".
- The ABS data contained in the report only relate to the proportion of employees (excluding Owner Managers of Incorporated Enterprises) who are entitled to paid maternity/paternity leave. However, in the draft report they are referred to only as "Employees" which is a broader population. The term employees actually includes owner managers of incorporated enterprises who are, strictly speaking, employees of their own business. However they are not asked questions about their leave entitlements and are not included in the ABS data. It would be appropriate to recognise this fact somewhere in the report.
- The tables that use data from 6310.0 have an incorrect title for this publication in the table source. The correct name for the publication is "Employee Earnings, Benefits and Trade Union Membership".

The ABS would be pleased to discuss any aspects of the above. The ABS contact officer is Sue Taylor, Director, Labour Market Statistics Section

Australian Bureau of Statistics
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