

## **STUDY INTO PAID PARENTAL LEAVE AND FERTILITY IN AUSTRALIA**

<i>INTRODUCTION.....</i>	<i>Page 3-4</i>
<i>BACKGROUND.....</i>	<i>Page 4-6</i>
<i>METHODOLOGY.....</i>	<i>Page 6-8</i>
3.1 <i>Sample</i>	
3.2 <i>Instrumentation</i>	
3.3 <i>Analysis Plan</i>	
3.4 <i>Validity</i>	
3.5 <i>Assumptions</i>	
<i>RESULTS.....</i>	<i>Pages 8-29</i>
4.1 <i>Sex of Sample Group</i>	
4.2 <i>Age Structure of Sample Group</i>	
4.3 <i>Fertility of Sample Group</i>	
4.4 <i>Household Income of Sample Group</i>	
4.5 <i>RESEARCH QUESTION ONE: Fertility.....</i>	<i>Page 11</i>
4.5.1 <i>Financial Factors Impacting Fertility</i>	
4.5.2 <i>The Effect of Paid Parental Leave on Fertility Decisions</i>	
4.6 <i>RESEARCH QUESTION TWO: Paid Parental Leave Structure.....</i>	<i>Page 16</i>
4.6.1 <i>General Ideas for a Paid Parental Leave scheme</i>	
4.6.2 <i>Duration of Leave Required</i>	
4.6.3 <i>Leave Period Required for Optimal Infant Well-being</i>	
4.6.4 <i>Leave Period Required for Optimal Parental Well-being</i>	
4.6.5 <i>Leave for Fathers at Birth</i>	
4.6.6 <i>Financial Support Required by Families during Parental Leave</i>	
4.7 <i>RESEARCH QUESTION THREE: Parental Leave and Gender Equity.....</i>	<i>Page 25</i>
4.7.1 <i>The Gendered Costs of Having Children</i>	
4.7.2 <i>The Likely Impact of a PPL scheme on the gendered costs of having children</i>	
<i>CONCLUSION AND RECOMMENDATIONS.....</i>	<i>Pages 29-41</i>
5.1 <i>Conclusions</i>	
5.2 <i>Discussion</i>	
5.3 <i>Limitations</i>	
5.4 <i>Recommendations</i>	
5.5 <i>Summation</i>	
<i>BIBLIOGRAPHY.....</i>	<i>Page 41</i>
<i>APPENDIX.....</i>	<i>Page 42</i>

### **About the Author:**

I am an unaffiliated individual, interested in the subject of Paid Parental Leave. I am currently completing my Masters in Social Science at RMIT, with a view to further study in this area. I can be contacted by email on: [katemcauslan@yahoo.com](mailto:katemcauslan@yahoo.com). I extend much love and thanks to Sarah Jones for her insightful comments and revisions to earlier drafts.

## 1. INTRODUCTION

The Australian Government's Productivity Commission is calling for public submissions for its public inquiry into the issue of paid parental leave (hereafter referred to as 'PPL') for Australia. The Productivity Commission (hereafter referred to as 'the Commission') released their draft inquiry report on September 29<sup>th</sup>, 2008, containing preliminary recommendations for an Australia wide statutory PPL scheme. They recommended a scheme offering 18 weeks paid leave to people who have been in the workforce for 12 months or longer when they have a baby (open to either the mother or father to use, provided the mother passes the employment test), complimented by 2 weeks paid leave to fathers, on a take-it or leave it basis, which is not transferable to the mother. The Commission recommends that all payments be made at the Australian minimum wage (\$543.78 per week<sup>1</sup>), and that employers continue to pay superannuation to parents on leave at a rate of 9% of those payments. It is proposed that the scheme should be funded primarily by the government (excluding the superannuation contribution which the Commission proposes should be paid by the employer) but administered by employers (Productivity Commission, 2008). There are several items falling under the scope of the Commission's PPL inquiry, but this study has focused on just one; that being the Commission's mandate to identify PPL models appropriate for the Australian context and assess those models for their cost effectiveness, as well as their potential impacts on: women's employment, workforce participation and earnings; work/family preferences of both parents in the first two years of the child's life; post-birth maternal health; childhood development in the first two years; and the financial pressures on families (Productivity Commission, 2008, pp. V-VI). This study was thus designed to assess the needs of working families in regard to the design of a PPL scheme, with a focus on these factors. According to the Commission's draft inquiry report, the objectives of a PPL scheme for Australia are: enhancing maternal and child health and welfare, facilitating workforce participation and attachment, and promoting gender equity and work/family balance (Productivity Commission, 2008, Chapter 1). This study was thus also designed to assess if the Commission's 18 week proposed scheme would be likely to achieve greater gender equity in the workplace, and promote greater maternal and child well-being. Population fertility is measured by the total fertility rate (TFR), or the average number of children born per woman within a population. While the Commission argued that population fertility was a weak argument for a paid parental scheme (Productivity Commission, 2008, Chapter 1)<sup>2</sup>, I contend that a PPL scheme would have a potentially strong impact on fertility rates in Australia. Thus another purpose of this study was to investigate whether the proposed scheme would be likely to increase fertility rates. The research questions this study explored were as follows:

1. *How will various PPL schemes impact the fertility decisions of Australian people of reproductive age (15-49 years of age)?*
2. *In regards to a PPL scheme, what are the needs of working families in Australia, in terms of duration and financial support, in order to promote*

---

<sup>1</sup> For this study the minimum wage was specified to be \$548.12 per week, however the difference between this figure and that used by the Commission (\$543.78) is negligible

<sup>2</sup> This position presumably rests on Lattimore and Pobke's (2008) assessment that family policies have had only a modest positive effect on Australia's total fertility rate (pp.61-67)

*maternal, paternal and infant well-being, giving due consideration to workplace productivity and attachment?*

3. *What is the impact of unpaid parental leave on gender equity in the workplace, and how is a paid parental leave scheme likely to effect gender equity?*

The study investigated these questions by surveying a population sample of 110 Australian people of reproductive age. I hypothesise that 18 weeks paid parental leave at the minimum wage will be insufficient to achieve greater gender equity, higher fertility rates, greater maternal and child well-being, and meet the needs of Australian working families. I also hypothesise that a more comprehensive paid parental scheme will be beneficial in all four of these areas. This study is important because it will provide the Commission with the empirical evidence to modify its recommendations based on the expressed needs of working families and identify where further areas of research are needed. It will also give the Commission an indication of how adequately the proposed scheme will meet the objectives set. It is anticipated that the results of this study will help inform and improve the Commission's recommendations. This study keeps the Commission's objective of workplace participation and attachment in mind throughout the investigation, but does not directly explore this issue, because it is, (unlike the other objectives) relatively easy to measure how the duration of PPL offered affects workplace participation and attachment.

## **2. BACKGROUND**

Australia's low fertility rate combined with an aging population is setting Australia up for a high workforce dependence ratio and a shrinking tax base in twenty to forty years time. Australia's over 65 year old population is expected to double by 2051, rising from 13% of the total population, to at least 26% of the total population (FaCS, 2001; ABS, 2005), or possibly as high as 38% of the population depending on factors such as immigration, life expectancy and fertility (ABS, 2005). Meanwhile the productive workforce (15-64 year olds) is projected to decrease from 67% of Australia's population to 59% by 2051 (FaCS, 2001). Part of the reason for this trend towards an aging population is Australia's low fertility rate, which has been below replacement levels (2.1 babies per woman) for the last three decades. Australia's total fertility rate (TFR) stood at 1.81 babies per woman in 2005 (ABS, 2006). Under current fertility trends, not only will the productive workforce contract by 8% in 40 years time, the demand for resources required in the areas of health and aged care for Australia's senior population will double. A shrinking tax base and high workforce dependence ratio will present major fiscal challenges to the Australian Government. With a shrinking tax base it will be difficult to generate enough revenue to continue delivery of adequate health, education, transport, defence and administration services, and to maintain an appropriate standard of infrastructure maintenance and development. The Commission argued that the aging trend will happen slowly so that the Australian economy has time to adjust (2005), but the reality is that both productivity and real government revenue will decline as Australia ages. Immigration policies can combat the trend towards an aging population by specifically accepting young migrants to Australia. However, the positive effect on the age structure of Australia's population of adding 50,000 thirty year old migrants is not as strong as the positive effect of adding 50,000 newborn babies. In 35 years time, those 50,000 migrants will become part of the over 65 year old population, and then be part of the

aging population problem<sup>3</sup>. Because of this limited effect on age structure, the impact of migration is an ineffective solution to Australia's aging population beyond the first 80,000 migrants per year (McDonald & Kippen, 1999; FaCS 2001). Lattimore & Pobke (2008) argue that increasing fertility is also limited in its ability to mitigate the fiscal problems caused by an aging population, because increased fertility also increases the workforce dependence ratio by adding to the under 15 population. However, they concede that although raising fertility leads to lower economic growth in the short run; *it increases long run economic growth* (Lattimore & Pobke, 2008, p. 76). Thus Australia's future economic growth and maintenance of a strong tax base relies in a large part on women's reproductive labour, and for population fertility to be at least maintained at current rates, if not raised.

One might conclude that the birth rate in Australia is low because fewer and fewer people want to have families. However, the problem is not a lack of desire to have children. The Australian Institute of Family Studies conducted a Fertility Decision Making (FDM) Project in 2004, investigating the factors which affect the fertility decisions of Australians of reproductive age. Their report, titled, '*It's Not for Lack of Wanting Kids*', identified the major hurdles to fertility as: lack of adequate time and money to support children, Australia's changing housing and labour market, and challenges finding stable relationships (Weston et al, 2004). The FDM study demonstrated that although we live in a time of economic prosperity, financial realities inhibit fertility; many people in their twenties and thirties would like to have (more) children, but they just cannot afford to. Another factor inhibiting fertility is the gendered costs of having children. Women who actually do choose to take time away from the workforce to have children often find that they are unable to return to the role that they previously performed extremely well in due, to the extra demands of caring for a newborn infant. Whilst on maternity leave women are often bypassed for promotions and sometimes return to work to find that their responsibilities and status have been reshuffled out from underneath them. Women who request more family friendly hours or to return part-time are frequently told that there is no role for them in the company to return to. Seeing their fertile counterparts suffer such setbacks makes child-bearing off-putting for many career-minded women.

The economic difficulty of having children in this century is highlighted by the fact that currently many Australians who *do* have children cannot afford to take the time off work to ensure optimal infant and parental health. Research very clearly shows that both parents and infants need time together at home after birth, and that returning to work too soon and putting a young infant in long day care has negative maternal and infant health outcomes. These include post-natal depression, poor infant cognitive and behavioural development, and higher infant mortality and morbidity rates (Rhum 2000; Australian Association for Infant Mental Health, 2008). By law parents in Australia who have been in the same full-time or part-time job for 12 months or longer are entitled to take 12 months unpaid parental leave and have their position held open for their return. However, research shows that in Australia currently, one third of all new parents either cannot take time out of the workforce to care for their child, or face job insecurity as a result. Around 30% of mothers and 35% of fathers in paid employment prior to the birth of their child were not eligible for unpaid parental

---

<sup>3</sup> This is not to say that open immigration policies do not have merit in wider Australian social policy. I mean only to point out that immigration has limited effectiveness in mitigating Australia's aging population. Immigration clearly adds to the richness of Australian society in many other ways.

leave because they were either self-employed, or had not been working with the same employer for 12 months prior to the birth (Whitehouse, Baird & Diamond, 2006). A further factor impacting people's ability to take time out of the workforce to care for their infants is today's cost of living. Many families require both parents to work almost all the way through their children's early years just to continue to meet standard bills and living expenses. Due to the pressures of supporting a family on one wage, 15% of mothers return to work before their child is three months old, 29% before their child is six months old, and 60% return before their infant is one year old (Productivity Commission, 2008 p.XVI). The reality is that in today's climate, raising a family is for many a difficult and stressful task both financially and emotionally.

The high monetary and career costs of having children, Australia's low fertility rate, and the number of parents forced to give up one on one care of their infant during critical development years together illustrate the need for statutory paid parental leave. Whitehouse, Baird & Diamond (2006) in their study of 3500 Australian families in 2005 found that 50% of respondents reported that paid parental leave would have been the most significant factor that could have increased their well-being and minimised the stress of having a child. Paid parental leave recognises that children are a vital contribution to the country's future social and economic well-being. PPL also recognises that parents need time and support to care for their infant children, establish breast-feeding, recover from giving birth, and ensure that their child develops a secure emotional and social attachment with a primary care giver before going into childcare. The Commission argues that the \$5000 'Baby Bonus' (Maternity Allowance), paid to mothers post childbirth in Australia, offers the equivalent of \$357 per week for 14 weeks, and is thus a proxy for PPL (Productivity Commission, 2008, p.XVII). Nonetheless, the Commission also points out that the existence of the 'Baby Bonus' does not negate the need for a comprehensive PPL scheme which legislates and normalises societal support of parents taking time out of the productive sphere to bring children into the world. Given the situation in Australia and the requisite of balancing the needs of the entire Australian population, the ultimate questions to be answered now in regards to a PPL scheme are how many weeks leave should be offered, what rate of payment should be made, and who should be eligible.

### **3. METHODOLOGY**

#### **3.1 Sample**

The population relevant to this study is working Australians of reproductive age (between the ages of 15-49). The average age of Australian women at the birth of their first child in 1998 was 29.1 years (FaCS, 2001, p.2), therefore the population most relevant to this study is working women between the ages of 25 and 35. The sample was selected through a combination of convenience and snowball sampling. The survey was distributed through a variety of networks including mothers groups, families and friends. The primary mode of distribution was via email. Those who responded were asked to pass the survey on to their friends, family and networks. Those who received the survey were able to read the survey and then decide if they would like to then participate. The sampling methods suggest that the sample group is likely to be biased towards those interested in the subject of PPL. The demographic features of the sample group (discussed in section 4) are highly representative of the

target population in terms of age, household income and fertility. 114 people were surveyed for this study, and four responses were not included in the results because they were indecipherable.

### **3.2 Instrumentation**

The research for this study was collected through a qualitative survey which probed the sample group's fertility decisions, their needs in regards to a PPL scheme; their experiences combining paid work and caring for young children; the relationship between financial constraints and fertility decisions; the likely affect of a range of different PPL schemes on their fertility decisions; and how a paid parental scheme can best meet the Commission's objectives of gender equity and ensuring maternal and child health and well-being. A copy of the survey is attached (see appendix 1). The survey was sent out on October 1st, 2008 and submissions closed on October 30<sup>th</sup>, 2008. Participants were advised that all data would be collected and stored confidentially. Therefore on return of surveys, all identifying information was removed and each completed survey was allocated a number. Participants were not asked to disclose any information that may be used to identify them in any way.

### **3.3 Analysis Plan**

**Research question one:** *How will various PPL schemes impact the fertility decisions of Australian's of reproductive age (15-49 years of age)?* This question was explored by asking people to report on their past fertility decisions and future fertility plans. The initial questions asked respondents how many children they would like to have and how many children they planned to have under current circumstances with no PPL scheme in place. This established a benchmark for people's fertility decisions. Throughout the survey, respondents were repeatedly asked how many children they would have under different specified PPL schemes. If a respondent indicated that they would have fewer children than the initial number of children that they reported they would ideally like to or planned to have without support of a PPL scheme, it was clear that the survey was invalid for measuring how a PPL scheme would impact on their fertility decisions. For example, if a respondent indicated that they would ideally like to have three children, but planned only to have one child, but then indicated that they would have no children under a 14 week PPL scheme paid at the minimum wage, it was clear that their response was not a reliable indication of how their fertility decisions would be impacted by a statutory PPL scheme, since they had already indicated that with no scheme in place they planned to have one child. Of all the surveys returned, four were invalid for this reason and were therefore not included in the results.

**Research question two:** *In regards to a PPL scheme, what are the needs of working families in Australia, in terms of duration and financial support in order to promote maternal, paternal and infant well-being, giving due consideration to workplace productivity and attachment?* This question was explored by asking people to detail a scheme they felt would be appropriate. Participants were also asked to answer separately their thoughts on: how long parents and children need at to be at home following childbirth, how much financial assistance families need during parental leave, who should be eligible for PPL, and if payments should be based on income or awarded equitably to all. Respondents were asked to explain their rationale behind each answer to ensure that the needs of families in regards to PPL would be revealed in depth. Those who had experience combining work and caring for an infant were

asked to detail their experiences. Participants were asked to give due consideration to issues of workplace attachment and workplace productivity in their responses.

**Research question three:** *What is the impact of unpaid parental leave on gender equity in the workplace, and how is a paid parental leave scheme likely to effect gender equity?* This question was implicitly explored by asking respondents to report on their experiences combining work and child-rearing, and specifically any consequences for their career and employment. The questions were designed to reveal: how child rearing impacts on gender equality; what the costs of raising children are; and what the current trends in families and workplaces are regarding who bears those costs. The likely impact of a paid scheme (as opposed to the current unpaid leave rights) was explicitly explored by asking respondents how they felt a PPL scheme would impact on gender equality in the workplace.

### **3.4 Validity**

Most of the research questions were asked in a number of different ways. For example, one question asked participants to outline the kind of scheme that they thought was appropriate including factors such as eligibility, duration, amount paid and how the scheme should be financed. Further on in the survey, participants were also asked about the individual factors (eligibility, duration, and amount) again, in separate questions. This served the purpose of checking responses for consistency. It also helped achieve responses that gave qualitative depth through encouraging participants to think through the different aspects that a PPL scheme must consider. The survey was tested for reliability before being sent out. It was deemed reliable when the test respondents answered the questions in a consistent manner, reported that the questions were clear and easy to understand, and within each test survey, the repetitive questions produced consistent answers.

### **3.5 Assumptions**

This study assumes that respondents will answer the survey questions about their experiences and needs combining work and family in a truthful manner. It also assumes that participants can indicate with a reasonable degree of accuracy and reliability how they would alter (or not alter) their fertility decisions based on hypothetical scenarios (the various paid parental leave schemes presented in the survey). Furthermore, the study assumes that most people actively plan their fertility decisions and that as a result the majority of children born are planned, while ‘accidental’ births are the minority. Regarding the impact of a PPL scheme on fertility decisions, it is assumed that the introduction of a PPL scheme would not cause someone to have fewer children if they were already planning to have children anyway without the support of a PPL scheme.

## **4. RESULTS**

All raw data obtained from the survey for this study is included in Appendix 2.

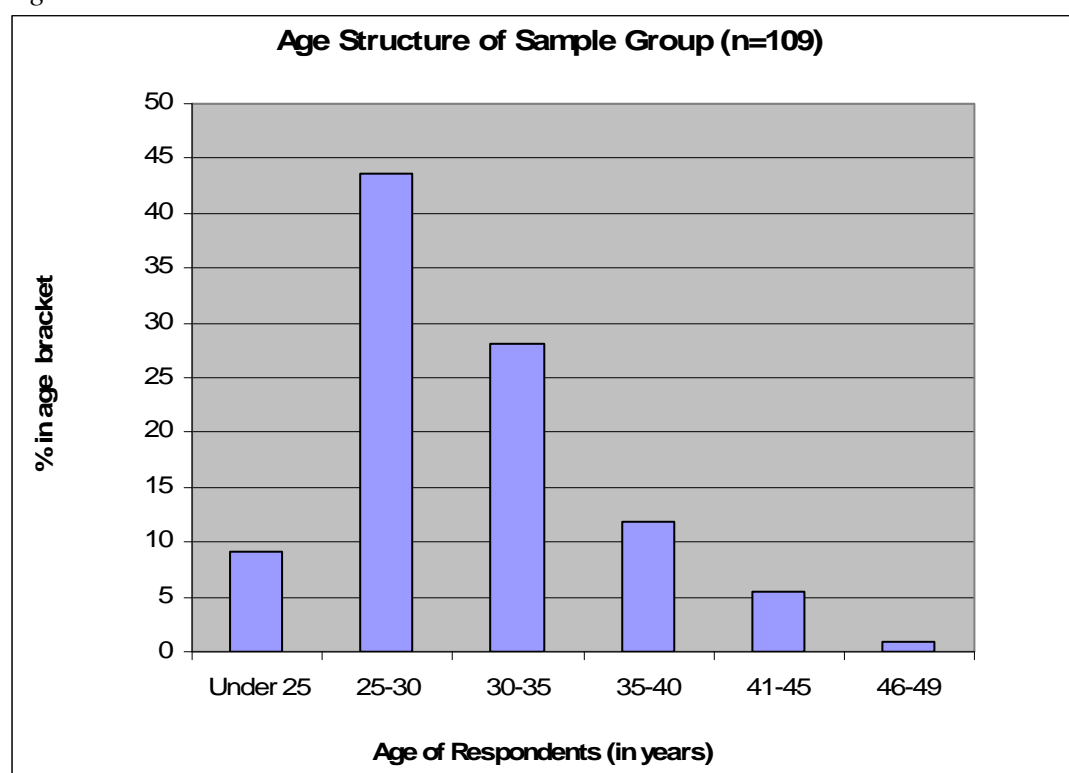
### **4.1 Sex of Sample Group**

94.55% (n=104) of respondents were female, and 4.55% (n=5) were male. One respondent chose not to disclose their sex.

### **4.2 Age Structure of Sample Group**

All members of the sample were of reproductive age: 9.09% (n=10) were aged under 25; 43.46% (n=48) were aged 26-30; 28.18% (n=31) were aged 31-35; 11.82% (n=13) were aged 36-40; 5.45% (n=6) were aged 41-45; 0.91% (n=1) was aged 46-49; 0.91% (n=1) chose not to specify their age. See figure 1 below for a graph of the age structure of respondents.

*Figure 1*



The age structure of the sample is appropriate for the purposes of examining fertility decisions and the needs of working families because the age of the majority of respondents corresponded with the average age of childbearing Australian people in the workforce (25-35 year olds).

### ***4.3 Fertility of Sample Group***

The fertility of the sample group was consistent with, although slightly lower than, wider trends in Australian fertility. While 22% of women aged 30 are likely to never have children (FaCS, 2001), 39.09% (n=41) of the sample group were childless. The sample group thus had a larger representation of childless people than wider Australian society, but this is mitigated by the fact that 88.37% (n=38) of the childless people in the sample group are planning to have children in the future. The other 64.91% (n=67) of respondents reported that they already had children. 43.64% (n=48) had one child, 13.64% (n=15) had two children and 2.73% (n=3) had three children. This gives the sample group a fertility rate of 0.58 children per woman, which is significantly lower than Australia's 2005 fertility rate of 1.81 children per woman

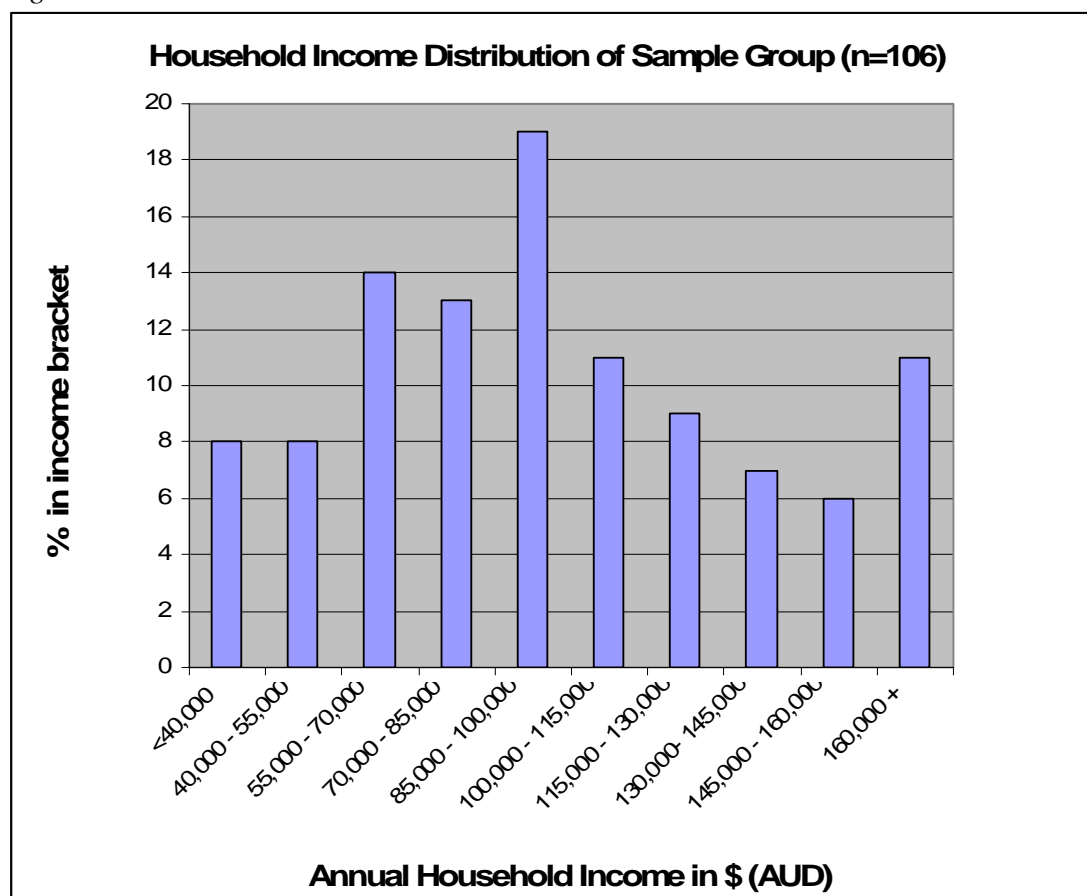


(ABS, 2006). However, the *planned* fertility rate of the sample group (in light of the fact that that 88.37% (n=38) of the childless survey respondents are planning to have children) was 1.78 children per woman, which is extremely close to the Australia wide total fertility rate. As mentioned above, because the survey was distributed via convenience and snowballing sampling methods, it is likely that those with a vested interest in a PPL scheme (ie those who would like to have children but cannot do so without financial support) were more likely to respond. However, the fact that the planned fertility rate of the sample group was so close to Australia's fertility rate, demonstrates that there was not a sample bias towards those with a vested interest in PPL.

#### 4.4 Household Income of Sample Group

People from a range of socioeconomic backgrounds responded to the survey. The breakdown of respondents by annual household income was: 7.27% (n=8) earning under 40k; 7.27% (n=8) earning between 40-55k; 13.64% (n=14) earning between 55-70k; 11.82% (n=13) earning between 70-85k; 17.27% (n=19) earning between 85-100k; 10% (n=11) earning between 100-115k; 8.18% (n=9) earning between 115-130k; 6.36% earning between 130-145k; 5.45% earning between 145-160k; and, 10% earning 160k and above. See Figure 2 below for a graph of the income distribution of the sample group.

Figure 2



Except for the large percentage of respondents from the upper income bracket of \$160,000+, the bell curve trend of household income distribution among the sample is

representative of the bell curve trend of wider Australian household income distribution, with the largest percentages of people living in middle income households and lower percentages of people in the low and high income households.

The sample group had a higher mean and median household income than that recorded by the Australian Bureau of Statistics for Australian households in 2006, but was roughly correspondent with the annual household income of the target group for a PPL scheme. The mean annual household income of survey respondents was between \$85,000 and \$100,000, much higher than the gross mean annual household income Australia wide, which is \$54,080 (ABS, 2007). The median household income of the sample group was \$94,463, compared to the gross median household income Australia wide of \$67,860 (ABS, 2007). Nevertheless, given that 77.7% of household income earned by the bottom quintile (the poorest 20%) of households in Australia is derived from Government Pensions and Allowances (ABS, 2007, p.19), it can be safely assumed that the majority of low income earners are made up of old age pensioners, the unemployed, single parents and those on disability pensions. These people would not be eligible for a PPL scheme because they are either not actively part of the workforce or of childbearing age. Furthermore, ABS mean and median income calculations include single person households which make up 24.4% of all Australian households. These factors combined indicate that the mean and median household income of the target group for a PPL scheme – primarily dual earning couples - *would* be higher than the Australia wide mean and median household income. Therefore the higher mean and median household income of the sample, though higher than the average for households Australia-wide, is representative of the target group for a PPL scheme in Australia.

#### ***4.5 Results for Research Question 1 ‘How will various PPL schemes impact the fertility decisions of Australian people of reproductive age (15-49 years of age)?’***

##### ***4.5.1 Financial Factors Impacting Fertility***

Of all respondents who had children 68.75% (n=44) reported that they experienced financial hardship whilst on parental leave. Below are some of the responses people gave when asked if they experienced financial hardship following the birth of a child.

*‘No. But it seriously limited our choices. Eventually [we] moved from metro area to rural to enable me to stay at home more’ (Respondent 101, 1 child, personal income <30k, household income of 85-100k)*

*‘We struggled for the 6 months right through’*

*‘Yes, hence why I had to go back to work 7 Months earlier [than planned]... we can just afford the 1 [child] as it is, we get nothing in the form of benefits, just \$48 a fortnight’ (Respondent 20, 1 child, household income of 55-70k)*

*‘Most definitely as I am the main earner in the family’ (Respondent 82, personal income 80k+, household income of 160k+)*

*‘Yes, there was a fine line between paying the mortgage and bills and having enough money to live on’ (Respondent 25, 1 child, household income 110-115k)*

*'Yes, definitely we had to take out equity on our mortgages. We are still trying to recover from having one income for three years... Definitely [affected our decision to have further children], I have to think of the quality of life I could provide my children' (Respondent 14, 2 children, personal income 60-70k, household income of 130k-145k)*

*'Any loss of income when in the property market is hard to reconcile' (Respondent 1, 2 children, personal income <30k, household income 130-145k)*

*'Yes, and we still are. I am on maternity leave at the moment and we are struggling with my partner's single wage' (Respondent 13, 1 child, household income of 100-115k)*

Of those who experienced financial hardship after their child was born, 61.36% (n=27) reported that it caused them to decide to have fewer children, 31.82% (n=14) reported that the hardship they experienced caused them to delay having another child and 20.45% (n=9) reported that the hardship they experienced did not affect their fertility plans. When asked if the financial hardship affected their fertility decisions, some of the responses were:

*'Definitely that's why we haven't had a second' (Respondent 7, 1 child, household income of 55-70k)*

*'Yes - very much so, and it definitely impacted our decision about further children' (Respondent 12, 1 child, household income of 160k+)*

*'We thought of having 3 but knew the financial stress would be to [sic] much' (Respondent 30, 2 children, household income of 85-100k)*

*'The reality is that we may not be able to have further children or we will send ourselves broke' (Respondent 13, 1 child, household income of 100-115k)*

Collectively, respondents reported that they would like to have 289 children, but due to a variety of reasons, planned only to have 196 children. Sixty-eight people reported that they planned to have fewer children than desired, and some cited more than one reason for that decision. The reasons respondents gave for planning fewer children than desired included:

- 51.47% (n=35) could not afford the long term costs of child rearing
- 50.00% (n=34) could not afford to live on one wage with a newborn
- 10.29% (n=7) felt they were too old
- 7.35% (n=5) cited logistics; their house or car was not big enough, for example
- 5.88% (n=4) cited lack of willing partner
- 5.88% (n=4) did not specify why they would have fewer children than desired.

*'I have no housing stability due to the economic climate' (Respondent 81, personal income of 60-70k, household income of 100-115k)*

*'Due to the financial pressures of raising kids and taking the time off work, one income alone is not possible to cover costs of 3 children and two adults' (Respondent 47, personal income of 80k+, household income of 160k+)*

*'Doubt we will be able to afford 2 [children] with a mortgage let alone 3. Plus having the money to take time off work and devote to my children' (Respondent 40, personal income of 40-50k, household income of 85-100k)*

*'My partner and I have discussed having children but we are both finding it a difficult decision considering his wage alone will not cover our everyday living costs. It does sadden me to think I'd have to go back to work only a few weeks after having a baby just to be able to get by! I would like to be able to spend time with my children in those very important early years' (Respondent 26, personal income of 30-40k, household income of 55-70k)*

*'Well I earn more than my husband, his wage pays the mortgage and there is nothing left over, mine pays car loan, bills, petrol, groceries etc. So if I take time off work without paid maternity leave, our mortgage gets paid but we can't eat or pay bills. There is absolutely no way we can live on one wage' (Respondent 40, no children, personal income 40-50k, household income 85-100k)*

*'Would like to have 4 children - but with a mortgage and bills we cannot afford to. We only have 1 child at the moment and are already having a hard time financially' (Respondent 13, personal income of 30-40k, household income of 100-115k)*

*'Finance, I couldn't afford to have my first until I was 30 because I wanted to buy a house for security for them' (Respondent 23, personal income of <30k, household income of 55-70k)*

*'I can't afford time off work financially' (Respondent 39, single, personal income of 40-50k)*

*'Cannot afford to have time off from work - work wise as well as mortgage and school fee wise. Cannot balance work and home when handling housework, looking after kids and so on for with more than 2 kids' (Respondent 34, personal income of 50-60k, household income of 85-100k)*

*'MONEY and the fact I can't afford to not work' (Respondent 15, single, personal income of 80k+)*

*'Money, [we] can't afford 3 kids living in [Sydney]' (Respondent 22, personal income of 60-70k, household income of 130-145k)*

*'Taking the time off work to be with the children is very difficult' (Respondent 27, personal income <30k, household income of 40-55k)*

#### **4.5.2 The Effect of Paid Parental Leave on Fertility**

Participants were asked to comment on how many children each scheme would encourage them to have **over and above what they planned to have without any statutory paid parental leave options**. In total, 53.63% (n=59) reported that one or more of the paid parental leave schemes outlined in the survey would increase the actual number of children that they would have. The impact respondents indicated each scheme would have on their fertility are as follows.

*Scheme 1: 14 weeks paid maternity leave at the minimum wage (\$548.12 per week)*

Participants reported that they would collectively have an extra 5 children under this scheme. This represents a 2.55% increase in births by the sample group from having no statutory paid parental leave.

*Scheme 2: 14 weeks paid maternity leave your current wage (capped at \$52,000 pa)*

Participants reported that they would collectively have an extra 12 children under this scheme. This represents a 6.12% increase in births by the sample group from having no statutory paid parental leave

*Scheme 3: 6 months paid maternity leave at the minimum wage (\$548.12 per week).*

Participants reported that they would collectively have an extra 34 children under this scheme. This represents a 17.34% increase in births by the sample group from having no statutory paid parental leave

*Scheme 4: 12 months paid maternity leave at 75% of the minimum wage (\$411.09 per week).* Participants reported that they would collectively have an extra 52 children under this scheme. This represents a 26.53% increase in births by the sample group from having no statutory paid parental leave

*Scheme 5: 12 months paid maternity leave at 75% of your current wage (capped at \$52,000 pa).* Participants reported that they would collectively have an extra 78 children under this scheme. This represents a 39.79% increase in births by the sample group from having no statutory paid parental leave

Some of the responses people gave when asked if a PPL scheme would affect their fertility were:

*‘Yes, I would have a child next week if there was 12 month paid leave available and we want our two children to be fairly close in age so I would likely have another not long after. Having the option of my husband taking his turn 6 months into the leave would also be very attractive’ (Respondent 6, plans to have no children if there is no statutory PPL scheme)*

*‘If I could have 6 - 12 months off (with full or half pay etc) then I would probably have 2 - 3 children, 2 or 3 years apart’ (Respondent 40, plans to have one child if there is no statutory PPL scheme)*

*‘If I had 12 months paid maternity at scheme 4, I would have another 1-2 children now, 1 each year, without it I plan to possibly have another child in 4yrs time, when my daughter is at school and I don’t have daycare fees and have saved up to take at least 6 months off’ (Respondent 41, already has one child and plans to have one more child if there is no statutory PPL scheme)*

*'Definitely I would be able to afford to have at least 3 children which I would love to do, I would have had another child already by now but I have to be working... at the moment, saving enough money to cover the mortgage to have 12 months off again. So I won't be looking to have another child in a couple of years when ideally I wanted them only a couple of years apart.'* (Respondent 7, already has one child and plans to have one more child if there is no statutory PPL scheme)

Of those who said that none of the schemes would influence their fertility (33.63% of all respondents, n=37) the following reasons were given:

48.65% (n=18) said their decision to have children was independent of PPL available  
16.22% (n=6) had either finished having children or couldn't get pregnant naturally  
13.51% (n=5) cited the long term expenses of having children  
10.81% (n=4) said that no scheme proposed offered enough to replace lost income  
5.41% (n=2) said that they earned enough to save for time out of the workforce  
2.7% (n=1) said that they could already access sufficient parental leave  
2.7% (n=1) said that they didn't want to take time out of their career for children

*'We decided to have two children and will work out a way to afford it with or without government assistance'* (Respondent 86, personal income of 30-40k, household income of 70-85k)

*'We already have high enough incomes to save the money we need for me to take the amount of time off we want'* (Respondent 57, personal income of 80k+, household income of 160k+)

*'Decision to have children made independently of leave. My salary is also well above the minimum wage - so financially, it may not make that much difference'* (Respondent 18, personal income of 80k+, household income of 145-160k)

*'Having 3 children renders my working ineffective given child care costs etc. child care costs and general cost of living would still mean that I would only plan to have 2 kids. While paid maternity leave would definitely help, it wouldn't make the decision any different ultimately'* (Respondent 101, personal income of <30k, household income of 85-100k)

*'We have only planned to have 2 children as a personal preference although the schemes would definitely impact on taking the full 12 months off'*

*'Getting more money in the first few months of bubs life is not going to make me want more kids. You have to look at the bigger picture and if you are able to afford them in the long run and not in the first 6 months'* (Respondent 78, personal income of 50-60k, household income of 85-100k)

*'I think it is really important to have some form of paid maternity leave, however I'm no longer in the paid workforce after having my son, so they don't really give me any incentive to have more children'* (Respondent 23, household income of 55-70k)

*'Although it is better than what we have on offer today for mums it is still insufficient considering how many years we would need to look after the little ones before they can go to pre-school. Childcare is not exactly cheap'* (Respondent 14, personal income of 60-70k, household income of 145-160k)

*'The schemes [presented in the survey] do not allow me to have children from a financial perspective'* (Respondent 15, single, no children, personal income 80k+)

#### **4.6 Results for Research Question Two: 'In regards to a PPL scheme, what are the needs of working families in Australia, in terms of duration and financial support, in order to promote maternal, paternal and infant well-being, giving due consideration to workplace productivity and attachment'?**

##### **4.6.1 General Ideas for a Paid Parental Leave Scheme:**

There was absolute and clear support for introducing a paid parental leave in Australia. Below is a sample of the more emphatic responses:

*'Parenting is not just about "mothers and fathers" – it takes a community to raise a child! Our governments have always talked about how important children are as the future generations – so let's support the rhetoric with good legislation and appropriate remuneration for parenting – something we allegedly value but isn't always matched by practical assistance and recognition'* (Respondent 72)

*'I think it's important to point out that Australia needs women to have babies who are the tax-payers of the future - the children who will be our leaders, and pay for our schools and hospitals and roads, and who will push our wheelchairs in the nursing homes!... I believe that women should have more options regarding the care of their children in those early years, and paid parental leave would go some way towards improving this situation'* (Respondent 43)

*'As a new mum, I speak from experience and know that a paid parental leave scheme would be an enormous help. It would not only alleviate monetary pressures but also those experienced emotionally especially about returning to work'* (Respondent 106)

*'I don't believe Employers should have to pay for people to have babies....I DO believe that the Government should support Stay-at-home mum's or dad's with a proper salary as it is a proper full-time job. Then our kids may just get the love and attention they need and not get themselves into trouble. I certainly don't mind paying tax to support the family unit'* (Respondent 36)

Respondents were asked to indicate what kind of PPL scheme they would like to see the Australian government legislate. The responses were very varied. Below is a sample of the various responses:

*'I would like to see a government/tax payer funded scheme, paying 12 months minimum wage to any woman who has been in paid employment for a minimum*

*of 12 months, with any additional payment at the discretion of her employer' (Respondent 43, personal income 70-80k, household income 160k+)*

*'I would like to see at least 6 months leave legislated...I would also like to see leave paid at my current wage, as I have worked hard to get to where I am (even though I only work part time)' (Respondent 105, , personal income 30-40k, household income 85-100k)*

*'12 months maternal AND paternal leave that cannot be taken concurrently and paid at either 75% of wage to a cap or at 100% minimum wage' (Respondent 80, , personal income <30k, household income 85-100k)*

*'At least 6 months paid or 12 months minimum at the minimum wage... the scheme should be available to working parents only and for those in a permanent position for at least 2 years prior to having the baby – they should be working either full time/part time/casual for a period of 2 years' (Respondent 47, personal income <30k, household income 55-70k)*

*'Paid leave for at least 12 months, more than 50% of the wage' (Respondent 35, personal income 50-60k, household income 100-115k)*

*'12 Months with either minimum or current wage would be fantastic' (Respondent 26, personal income 30-40k, household income 55-70k)*

*'At least 12 months paid leave for just the mother or six months for each parent that can be taken together or one after the other' (Respondent 6, personal income <30k, household income 40-55k)*

*'I would like to see women given paid leave rights at their current wage for 6 months to enable breastfeeding and important development time for mother and child. I would also like to see greater leave rights for fathers, so that they are able to contribute more to the raising of a child' (Respondent 9, personal income 50-60k, household income 160k+)*

*'At least 6 months paid for mother and up to one year at a percentage of current wage' (Respondent 60, personal income 40-50k, single)*

*'I think it would be great to see 6 months paid leave for mothers and 1 month for fathers. It is just as important for dads to get time off too!!' (Respondent 23, personal income <30k, household income 55-70k)*

*'At an absolute minimum, 6 months capped at current wage' (Respondent 32, personal income 60-70k, single)*

*'I would like to see 13 months paid at full pay. That way we could take off one month before the birth and be able to return to work when the baby is one. I would like to see the law change to reflect both the income (paid jointly by the government and the employer) AND have the job held for 13 months (Respondent 38, personal income 30-40k, household income 115-130k)*



*'Norwegian arrangements, where the mother's engagement in paid work determines her maternity pay, plus top-ups if needed. Norwegian mums are REALLY motivated to work before having a kid/kids. The Norwegian scheme encourages women into paid work, it also provides incentives for them to have children close together to minimise time away from paid work' (Respondent 68, personal income <30k, household income 70-85k)*

*'I would like to see 6 months leave at minimum wage but only for the first three children' (Respondent 69, choose not to disclose income)*

*'12 months paid at 50% to 75% pay' (Respondent 46, personal income <30k, household income 40-55k)*

*'At least 75% to 100% of the average wage' (Respondent 41, personal income 40-55k, household income 115-130k)*

Some respondents indicated that workplace flexibility should be legislated as part of a statutory PPL scheme to allow parents to combine work and family beyond the paid leave period.

*'[I'd like to see] security of current position or at the same level/pay when return from the leave, option to return part-time without fear of losing the job' (Respondent 35)*

*'Flexible working environments for both parents and sick days specified for children sickness that wouldn't impact on own sick days.'*

*'More paid parental leave once you have returned to work for sick children etc. And the number one would be paid maternity leave with the option of coming back to work part time at the end of leave' (Respondent 73)*

*'I believe a more flexible working solution is better than just time off - indeed, this is also applicable to mothers looking to return to work...perhaps a PPL scheme that can be combined with mothers returning to work one day per week, then two, then three etc with PPL % payments decreasing over the year' (Respondent 12)*

*'I think you should ...have the option of extending it and coming back part time' (Respondent 25)*

#### **4.6.2 Duration of Parental Leave Required**

Respondents were asked to consider the amount of time parents should be at home considering infant and parental health and well-being, with consideration to workplace productivity and attachment. Of the 94 respondents that answered this question, 52.12% (n=49) said 12 months was ideal given all these factors, 25.23% (n=24) said 6 months was ideal, 20.12% (n=19) said greater than one year was best, and 2.12% (n=2) said that less than six months was sufficient.

*'1 year can be good for baby and parents and not too long to have a negative effect in the market place' (Respondent 97)*

*'For the child - 12 months, for the parent - 6 months' (Respondent 6)*

*'In general, I think it is important that there is at least 1 parent home for at least the first year (but preferably longer)' (Respondent 13)*

*'The first 12 months of a child's life is by far the most important time for them to be with their mother' (Respondent 26)*

*'I think 12 months is a good and fair amount of time having regard to business and a woman's career' (Respondent 102)*

*'I also work for a private corporation and can see that there would be a disadvantage for both business and professional women in taking any more than the 12 months currently offered however it would be beneficial if the whole 12 months were paid and if that were not possible if at least 6 months could be paid' (Respondent 102)*

*'At least 6 months but 12 months is preferable' (Respondent 44)*

*'6 months minimum' (Respondent 10)*

#### **4.6.3 Leave Period Required for Optimal Infant Well-being**

Regarding infant health, respondents most frequently cited the need to breastfeed for the first six months to ensure optimal physical health of the infant.

*I would like to see at least 6 months leave legislated, as the WHO [World Health Organization] recommends exclusive breastfeeding for 6 months, and often a child is weaned early due to mother returning to work' (Respondent 105)*

*'At a minimum, mothers must have the option of staying home for 6 months to enable exclusive breastfeeding' (Respondent 9)*

*'It is difficult to go back to work only 3 months after having kid if you plan on breast-feeding for the required minimum 6 months' (Respondent 47)*

*'For the second child, I'm planning to take only 3-6 months because of non-paid-leave and I'm planning to give up on the breast feeding for the second child' (Respondent 34)*

*'6 months at least because it is recommended to breast feed for that period for babies health, and it gives the child time to stabilize and be old enough to be left at a childcare centre (if one can be found that is)' (Respondent 47)*

The great majority, 72.24% (n=68), indicated that they felt that PPL needed to provide a minimum of twelve months leave from the workplace for at least one parent

to care for the infant. Many cited optimal emotional and social health of the infant as the rationale behind 12 months leave.

*'I believe [a parent should be home] at least the first year. At the very least, most mums like to breast feed up to 6-12 months and it's been psychologically proven to benefit babies with one on one interaction in the first year' (Respondent 41)*

*'12 months. That is how I feel, I have returned to work and my son is 6 months old and I feel that its too early but I had no choice' (Respondent 35)*

*'I personally believe that it is in the best interest of children to spend at least their first year being cared for by one of their parents, although I appreciate that many people cannot afford to do this' (Respondent 43)*

*'One parent should have the option of being home for at least 12 months'*

*'We intend to tighten our belt and have one of us at a time try to stay at home for at least a year... Personally for me I feel society needs to break its dependence on child care especially for very small children' (Respondent 21)*

#### **4.6.4 Leave Period Required for Optimal Maternal Well-being**

Many respondents indicated that a new mother needs at least six months out of the workforce to establish breast-feeding, settle into a routine and have her baby sleeping well at night time in order for her to be well-rested and able to concentrate and be productive at work.

*'One friend went back to work after 8 weeks and ended up with postnatal depression because she was trying to work full time 5 days a week, then as the baby was still quite young and not sleeping through the night, spent most of the night awake, plus looking after home duties' (Respondent 40)*

*'Breastfeeding is exhausting enough so I constantly feel shattered even before I get to work...I managed by getting up extremely early and expressing milk to bring into day care' (Respondent 18, a mother who returned to work 3 months after child was born).*

*'Pretty much no new parent really sleeps in the first 3 months, so I believe this is a minimum for PPL on full pay for mother at least' (Respondent 12).*

*'After 6 months most babies are sleeping through the night or in a pretty good routine. So that would make it a lot easier for a mother to go back to work and not worry about being unproductive because they have had no sleep. 6-12 months gives enough time to wean a baby off the breast onto a bottle. I think the minimum time should be 6 months' (Respondent 40).*

*'I returned after 4 months which was too soon' – (Respondent 95)*

*'Pay should be for 6 months (to support breastfeeding and bonding) at 75% of mother's income (as reported in the previous year's tax returns). This would allow*

*families (particularly where the mother is the primary income earner) to focus on the important early period with her baby. It also has the benefit of "rewarding" mothers who have returned to work in between having children which the government is trying to promote'*

*'I think at least six months is needed for the mother and child to bond and get to know each other. I returned to work before that, but I'm lucky I work at night and my partner is his carer. Physically and psychologically I think women need the time as well'*

Some participants also felt that six months leave was not long enough for mothers:

*'I could not have returned to FT [Full Time] work when my daughter was under 12 months and still think the most I can handle is 0.8 FTE [Full Time Equivalent]'* (Respondent 105)

*'I took off 6 months, but in hindsight I should have taken a year. 6 months was far too soon to return to work'* (Respondent 38)

*'I took 8 months off - 1 before and 7 after, went back for financial reasons but wasn't ready'* (Respondent 12)

*'I would struggle going back to my full time 8 - 5 job even after 6 months, but I don't see the point in having a new baby and handing it over to someone else after 2 or 3 months. That's not enough time to bond with your child as well as recovering yourself. I think working women would be more productive if they could have the 6 or 12 months off with a decent maternity leave wage, then once they come back to work they are more focused because have spent quality time with their child'* (Respondent 40)

*I have found returning to a stressful job (I was able to negotiate working three full days every week) and being a mother, has increased my risk of getting sick and productivity – my child is in daycare and has had a bad run of being sick – I was constantly stressed at work worrying about her'* (Respondent 96, returned to work after 10 months)

Only two respondents indicated that less than 6 months leave would meet their needs:

*'Ideally many like to stay home for a year. But 3mnths is good for me'* (Respondent 8, 22 years old, single, no children, personal income 50-60k).

#### **4.6.5 Leave for Fathers at Birth**

Respondents were asked whether they thought fathers needed time off before, during or after birth. All but one responded in the affirmative.

*'YES, YES, YES. Fathers do need to be there during and after the birth of the child. If the father has at least a few weeks off after the birth there is less stress on the mother (trying to keep the baby quiet at night as to not wake daddy in case he*

*has an accident on the way to work due to lack of sleep) and an important bonding process for the father and child' (Respondent 27)*

*'I also think the father should be able to take time off for the first month if he wants to. My husband had to use his holidays to have time off at the birth of our son. I needed him to be at home with me as I had an emergency c-section and was in no way physically OR emotionally able to look after my baby on my own for those first few weeks!!' (Respondent 23)*

*'I think legislated paid leave for fathers is absolutely necessary to combat workplace assumptions about the fathers needs at the birth of his child. Without this, the workplace culture continues to disallow fathers quality time with their children, to the detriment of society. I would like to see paid leave of at least a month as mandatory for fathers, to be taken when they feel it would be most necessary' (Respondent 9)*

#### **4.6.6 Financial Support Required by Families during Parental Leave**

Of the 91 respondents who answered this question, the majority (59.34%, n=54) said that paid parental leave should be calculated on the income that is foregone by the stay at home parent, rather than being paid at a set rate. This view was held by both lower and higher income earners.

*'While I am of the lower socio-economic range, I think it should be based on the parent taking the leave's income... in order to keep the family's standard of living' (Respondent 6, household income 40-55k)*

*'I think it should be means tested and based on a combined family income. However, I believe the scheme should represent a reimbursement based on whatever parent's income is lost in looking after the child. For example, it would be based on both parents to determine eligibility but then actually payment should be based on the whichever parent is out of the workforce' (Respondent 90, household income <40k)*

*'It's only fair that government assistance reflects current wages as many professional women have worked very hard to get to where they are and have associated commitments' (Respondent 105, Household income 85-100k)*

*'I don't think everyone should be paid the same amount. I think a woman's paid maternity leave should be based on her income, as by following at least a percentage of this, she should be able to then stay at home without the financial pressure of losing one persons income for a period of time' (Respondent 9, household income 160k +)*

There were several rationales offered for basing PPL on the income of the lost earner. One commonly held rationale was that higher earners pay more tax in their lifetime so the extra support is justified. Another rationale was that PPL needed to reflect income in order to encourage people from all socioeconomic backgrounds to have children. It was argued by many that professional women must sacrifice a lot more to stop work and have children, and should therefore be compensated proportional to their

sacrifice. Yet another rationale was the fact that differential wages reflect the cost of living in different areas, so while a couple in a remote rural area might be able to survive on one wage of \$50,000 pa, a couple living and working in a capital city would not.

*‘The contribution from the state should at least partly reflect her contribution in taxes and her future contributions’ (Respondent 68, personal income of <30k, household income of 70-85k).*

*‘It should be based on income if it is funded by the government as higher earners have already paid higher rates of tax’ (Respondent 57, from a household with a combined annual income of greater than \$160,000)*

*‘Paid maternity leave should be proportional to earnings- otherwise it will not be an incentive for higher earning women. The only way to encourage highly educated and trained women to have more children is to provide paid maternity leave close to what they are earning’ (Respondent 17, personal income <30k, household income 55-70k).*

*‘If the idea is to truly encourage all socio-economic groups to have children, then capping PPL or having only one amount (in essence the same thing) would not necessarily have the effect of encouraging higher income women to take time out to have children (Respondent 12, personal income 80k+, household income 160k+).*

*‘Women who are professionals have had to sacrifice in the past and incur debt to get to where they are. Generally these same women are also paying off HECS [Higher Education Contribution Scheme] debts and incurring interest on those debts while they are not working. They are also giving up a lot more to stop work to have children and they should be equally compensated for doing so’ (Respondent 102, personal income 80k+, household income 160k+).*

*‘It costs more to live in Sydney than a rural area. This is among other things that can affect your individual cost of living’ (Respondent 37, personal income <30k, household income 100-115k).*

*‘I think maternity leave should be income based or the opportunity cost of having children disadvantages higher earning women’ (respondent 92, personal income 50-60k, household income 160k+)*

Many other respondents who argued that PPL should be paid as a proportion of the parent’s normal income, thought that there needed to be both a lower and upper threshold:

*‘[The payment should be] capped at a reasonable amount. A woman earning 100k a year should have enough savings and investments to make up the difference’ (Respondent 6, personal income <30k, household income 40-55k)*

*'For working couples it should be capped on what the working partner earns, ie: people who's partners bring in on 100k + shouldn't be eligible, as its obvious anyone making that kind of money can afford to support a partner/child & if they can't they must be living beyond their means, as for partners on only 45-50k obviously they cant & need the assistance' (Respondent 41, personal income 50-60k, household income 115-130k)*

*'I think there should be some sort of cap on the amount the parents are paid...It would be far too costly for tax payers to have to fund leave payments in excess of [\$52,000 pa] I think, and that still gives a nice amount in the bank each week' (Respondent 23, personal income <30k, household income 55-70k)*

*'While I would like to see it calculated on the income of the person out of the workforce (in most cases the woman), I think economically, for the scheme to work, there would have to be a minimum and maximum level... Paid maternity leave should not be a disincentive for people to make their own responsible financial plans' (Respondent 18, personal income 80k+, household income 145-160k)*

Others, primarily high income earners, protested that paid parental leave should not be capped.

*'I absolutely disagree with means testing. Women or families should not be punished because they have worked hard to achieve' (Respondent 102, personal income 80k+, household income 160k+)*

*'Why capped at \$52,000? It means any woman who has higher earnings would be forced to take a pay cut to have children' (Respondent 15, single, no children, personal income 80k+)*

*'I don't see PPL as welfare and do not believe it should be capped. As a higher earner, I pay higher taxes and believe the benefit should also be higher to influence me to have more children' (Respondent 12, personal income 80k+, household income 160k+)*

There was some disagreement with the majority that PPL should be paid at a proportion of the parent's lost wage, and 31.86% (n=29) thought that any parental leave payment should be the same across the board. This argument was generally made on grounds of equity:

*'I think that the maternity leave should be the same for all people from different socio-economic groups. The idea behind it should be to support child rearing, not maintaining a desirable lifestyle or a mortgage that was undertaken without due consideration to a balance of lifestyle over family' (Respondent 69, chose not to disclose income)*

*'I think that it is more fair that everyone receive an equivalent amount as parents, because in this way they are being paid to do a job – known as mothering, which*

*is essentially the same regardless of previous income or career' (Respondent 87, personal income 10-20k, family income <40k)*

*'It should be one amount across the board. I don't think it is fair for higher income earners to receive more support than us low income earners just because of their status. If anything it should be the other way around because we are the ones that need the support more' (Respondent 26, personal income 30-40k, household income 55-70k)*

*'It should be the same amount, otherwise it further increases the percentage tax burden on low income families' (Respondent 91, personal income 40-50k, household income 70-85k)*

*'Should be one set amount for all, if based on the parents income it will disadvantage low income earners' (Respondent 97, personal income 30-40k, household income 70-85k)*

#### **4.7 Results for Research Question Three: 'What is the impact of unpaid parental leave on gender equity in the workplace, and how is a paid parental leave scheme likely to affect gender equity?'**

##### **4.7.1 The Gendered Costs of Having Children**

The survey demonstrated very clearly that parents suffer adverse consequences in employment and career-wise for their decision to have children, and that women are the primary bearers of those costs, because they are the ones who take time out of the workforce to have children.

*'My status in workplace is now reduced though my position and salary are still the same. Better projects are given to other employees' (Respondent 95, took 4 months out of the workforce after birth of child)*

*'During my time on leave the department got reshuffled and the jobs I was working on have been passed to others leaving me with the bottom of the scrap heap - don't think ill be returning to work..' (Respondent 22, mother, took 13 months out of workforce after birth of child)*

*'Had to "start again" in a sense and build up the relationships at work and my reputation after such a while away' (Respondent 12, took 8 months out of workforce after birth of child)*

*'My career was difficult to continue with. Chances of advancement and improvement in skills became an issue' (Respondent 104, took a total of 18 months out of the workforce for three children)*

*'I was told that a job opportunity would not wait for me when I was 8.5 months pregnant. Was told to come back to work within 8 weeks of child being born or risk losing the role. So I came back, did the (hard) work for 1.5 years and was then demoted' (Respondent 70, took 8 weeks out of workforce after birth of child)*



*'I personally missed out on a promotion as a result of being on maternity leave'  
(Respondent 13, took 12 months out of workforce after birth of child)*

*'At present I have decided not to have children due to the impact it would have on my career and financial situation... as a woman my career would suffer and not recover due to the commitment of becoming a parent. My partner however, would not experience anywhere near the same loss' (Respondent 81)*

*'My husband had to sacrifice his career and it is only now that he is feeling satisfaction with his career. I on the other hand, had to miss out on promotions as it meant losing the current arrangements I have with my employer. eg. preferred shift as opposed to rotating shift as well as permanent days off' (Respondent 14, took 12 months out of workforce, and husband gave up work to take over looking after child).*

*'I returned to work in a part time capacity and in a new role that my boss had created for me. At the time I returned to work I believe that I was considered an 'asset' to the company but after 6 months of juggling baby and work I had the definite feeling that my boss saw me as more of a liability. Frequently I am not included on all-staff emails, etc' (Respondent 38)*

*'I have found it very hard to get back into my industry because of having a child, employers seem to think mothers take more time off' (Respondent 41, took 5 months out of workforce)*

*'If you have kids, people treat you like an idiot because you've ruined your chances of getting your job back' (Respondent 68)*

*'At the moment, women are financially (and socially) penalised for having babies' (Respondent 43)*

*'A woman is asked in an interview for a job if she is considering family anytime soon once she is over 25 – your working chances decrease already after that age anyway' (Respondent 47)*

#### **4.7.2 Likely Impact of a PPL Scheme on the Gendered Costs of Having Children**

Most participants pointed out that they thought forcing employers to pay for parental leave would increase gender inequality in the workplace.

*'[In] small business [it] would definitely decrease equality because it's not feasible for a small business to outlay that kind of financial support' (Respondent 15)*

*'If the scheme is funded by employers, perhaps it may decrease, as women may experience difficulty in getting a job when they are of child rearing age' (Respondent 57).*

***'ANY PAID MATERNITY SCHEME MUST BE WHOLLY FUNDED BY THE GOVT. OR WOMENS EQUALITY WILL SUFFER. ALL BUSINESSES BUT***

*ESPECIALLY SMALL BUSINESSES CANNOT AFFORD PAYING EXCESS STAFFING BILLS. IF THIS IS NOT THE CASE, WOMEN OF CHILD-BEARING AGE WILL BE DISCRIMINATED AGAINST. THIS IS A CRITICAL ISSUE' (Respondent 85, BOLD in original)*

Others noted that a government supported scheme should not decrease women's equality in the workplace and may actually promote greater equality between men and women. Some felt that in general a PPL scheme would increase women's equality with men because it would recognise women's dual role and minimise at least some of the disadvantage borne by childbearing women.

*'A universal government/tax-payer paid parental scheme should not decrease women's equality in the workplace' (Respondent 43).*

*'I think it would increase [gender equality] if it were government funded' (Respondent 23).*

*'Women have nothing to lose, we are under paid in comparison to men as it is already!!!!' (Respondent 14)*

*'It would be a huge advancement for women. I see this as THE issue' (Respondent 68)*

*'It may increase [gender equality] – it might send a message that having children and parenting are worthwhile and challenging jobs, and that all our community has a responsibility to ensure that children and parents are supported' (Respondent 72)*

*'I think in the individual work places it may decrease [gender equality] but in the world order it would certainly increase the real equality between men and women as women wont feel dependent on a man (or partner) to have a child' (Respondent 6)*

*'I think it would increase it as it would recognise women's reproductive responsibilities in a more positive way, rather than see it as a negative burden on the employer. Women have a lot to contribute productively in organisations and paid parental leave would make it easier for many to decide to both have a family and a career rather than have to choose one or the other, which is the case now' (Respondent 12).*

*'It would increase their chance at equality as they could return to work quicker, they would be considered less of a liability in terms of training, and their marketability would not decrease as a result of being out the workforce longer' (Respondent 100)*

*'It should increase equality as time spent having children is actually valued and men might be more inclined to share this responsibility' (Respondent 58)*

Others pointed out that women will always be disadvantaged in the workplace due to their dual role.

*'Whether [maternity leave] is paid or unpaid, you still have to take the time away from work which will always impact promotion opportunities' (Respondent 57).*

*'No I do not believe it will [increase women's equality in the workplace] as more women will take more time off work' (Respondent 6).*

*'If a boss knows you are taking a year off work, then in another year or so are going to take more time off for a second child, you probably wouldn't get treated the same when it comes to opportunities for advancement etc' (Respondent 40).*

*'Inevitably working mums often have to juggle career advancement with childcare responsibilities thereby limiting choices especially if a woman decides to work part-time, as I did, rather than full-time' (Respondent 58)*

Many people indicated that they thought that leave should be shared or transferable between the parents.

*'I think it should be parental rather than maternity leave. Or should be able to be divided between two parents, where applicable' (Respondent 77)*

*'Ok, so this is what annoys me about the whole proposal - it is based on the father works and mother stays home and gets paid. It took me ages of reading through articles before I found anyone who used the word "parental leave" for this whole thing. This frustrates me as our family ideal would be to both work part time and manage the child care therefore between us. I feel under any of these schemes we would be quite disadvantaged in doing this. There seems no flexibility for other alternatives for working this out' (Respondent 88)*

*'I definitely think fathers should be involved in the birth and raising of children. Parental leave is vital to support a robust and emotionally healthy community. While their roles are clearly different, children need fathers around as much as mothers' (Respondent 87)*

*'As the primary income earner in the household, it is difficult for me to take the time off work to have a healthy pregnancy and adequate time to spend with the baby (ideally 6-12 months) to breastfeed and bond with each child. Capping it at a maximum of \$52000 is insufficient for our household. Perhaps if this payment could be made to my husband so he could stay home, we might consider a third child.'*

*'I'd like to see men being able to take 12 months leave (that way I could go back to work)' (Respondent 108, female)*

*'I believe that if the paid maternity leave was 12 months it should be open for the father to take at least half of that time himself and the mother return to work' (Respondent 102)*

*'If a father is entitled to share the burden of child raising, I believe this would greatly reduce the number of women who experience post natal depression' (Respondent 96)*

Many discussed the need to promote a shared role in parenting in order to minimise gender inequality and promote flexibility within families.

*'If both men and women have the same rights, then it shouldn't impact [gender equality] at all'*

*'If the scheme applied to both men and women it would increase their equality. Women with functioning ovaries would no longer be overlooked based on the notion that they might 'get pregnant any minute'' (Respondent 80)*

*'Paid maternity leave for both parents would increase equality in the work place' (Respondent 6)*

*'Women's equality still has a long way to go. Perhaps if we could also encourage men to take a fairer share in parenting, then this would help' (Respondent 72)*

*'[a PPL scheme would] both [increase and decrease equality], employers would discriminate if they can see that a woman is at a child- bearing age but if they introduce a paid paternity leave for men this should even it out' (Respondent 14)*

*'[a PPL scheme will not increase gender equality] if paid parental schemes are available to all care givers, not just the mothers' (Respondent 15)*

*'I would support paid maternity/paternity leave at a % of your current wage (capped) for both mother and father (must be taken at non-concurrent times). This would increase women's equality in the workplace by giving mothers and fathers equal access to taking time off work to help care for children' (Respondent 76).*

## **CONCLUSION AND RECOMMENDATIONS**

### **5.1 Conclusions**

The sample group was demographically and socio-economically representative of the population that an Australian government funded statutory PPL scheme would be relevant to: working people of reproductive age. Overall the results of the study supported the hypothesis that the Commission's draft recommendation for a paid parental leave scheme of 18 weeks paid at the minimum wage would be insufficient to meet the needs of Australian working families, achieve greater gender equality, improved fertility rates and greater maternal and child well-being. The results also supported the secondary hypothesis that a more comprehensive scheme would achieve beneficial results in all four of these areas.

Challenging the Commission's claim that the rationale for increasing population fertility through paid parental leave is weak (Productivity Commission, 2008, section 1.1), the survey revealed very clearly that the potential impact of a PPL scheme on fertility is *strong*. The survey results indicated that the more comprehensive the PPL

scheme offered in terms of the amount paid and duration offered, the higher the positive influence on fertility. The results also indicated that the Commission's proposed 18 week scheme is unlikely to have a significant impact on fertility rates. The scheme proposed by the Commission which offers 18 weeks paid leave at the minimum wage post birth, is similar to 'scheme 1' in the survey ( which offered 14 weeks at paid at the minimum wage). Respondents indicated that 'scheme 1', hypothetically offering 14 weeks at paid at the minimum wage, would have a 2.55% increase on their fertility. Given that the proposed 18 week scheme is more generous than 'scheme 1' in the survey by 4 weeks, we can assume that the proposed scheme would have a slightly higher impact on births than the 14 week 'scheme 1'. Thus I estimate that the 18 week scheme would potentially increase fertility in Australia by 4%. This increase would raise Australia's total fertility rate (TFR) from 1.81 babies per woman (ABS, 2005) to 1.88 babies per woman. This increase is not significant enough to mitigate Australia's aging population and arrest the demographic trend which is setting Australia up for a high workforce dependence ratio in 20-40 years time. In contrast a longer and better paid parental leave scheme would have a significant upwards impact on fertility.

The majority of respondents (52.12%) felt that a PPL scheme should offer 12 months paid leave, 25.23% felt that 6 months would be enough, 20.12% said greater than one year was best, and 2.12% said that less than six months was sufficient. In the face of the Commission's conclusion that there is a '*reasonable prospect*' that longer than 6 months paid leave is beneficial to infant well-being, the majority of respondents (72.24%) in this study felt that a paid parental leave scheme needed to offer infants the opportunity to be with a primary carer *for at least 12 months* to develop secure emotional and social attachments. Respondents also overwhelmingly indicated that mothers need *at least six months* of paid leave so as to establish breastfeeding, and to ensure that baby is in a good sleeping routine so that they can be productive at work and minimize the chance of developing post-natal depression. Respondents with experience combining work and caring for an infant indicated that the mother's mental, physical and emotional health is undermined by returning to work earlier than 6 months. Most respondents (59.34%, n=54) agreed that the amount paid should be based on the income of the parent who takes the leave, at a rate of between 50% and 100% of the income lost by whichever parent stayed at home. Some respondents indicated that a minimum and maximum amount needed to be in place, while others rejected the idea that the payment should be capped. Another 31.86% (n=29) indicated that they thought payments should be made at the same rate to all who are eligible. In summary, most respondents indicated that working families need more support than the Commission's proposed 18 weeks parental leave paid at the minimum wage, and that to achieve the objective of greater maternal and child health, at least six months, but ideally 12 months paid leave should be offered.

The experiences people reported in this study demonstrated that the gendered work and career costs of child bearing and child rearing were a significant factor in the inequality in income, opportunity, promotion and privilege between men and women in the workplace. Most respondents agreed that forcing employers to bear costs of parental leave would deter employers from hiring women of reproductive age. Some respondents indicated that a paid parental leave scheme would increase women's equality with men in wider society by recognising the contribution they make by birthing and rearing children. Others suggested making parental leave a paid affair

would not increase women's equality in the workplace if women continued to be the ones taking most of the parental leave. Many suggested that paid parental leave needed to promote men and women's equal role in parenting in order to increase gender equality, promote men's involvement in family duties, and provide families with flexibility to juggle workplace attachment and a career with family responsibilities. Many respondents indicated that they thought a longer period of leave shared between both parents would achieve this. Some respondents indicated that workplace flexibility, such as the right to return part time, should be legislated as part of a statutory PPL scheme to allow parents to combine work and family beyond the paid leave period.

## 5.2 Discussion

The results of this study show just how critical a second income is to most people's household budgets, and that this initial financial hurdle is a significant constraint to fertility. Of the 64 respondents who constrained their fertility, 50.00% (n=34) reported that it was because they could not afford to live on one wage with a newborn. Of the 44 respondents who experienced financial hardship whilst on leave after their child was born, 61.36% (n=27) reported that it caused them to decide to have fewer children. Of course the long term costs of having children and other factors *also* bear significant weight in people's fertility decisions, as indicated by the 33.63% (n=37) of participants in this study who said their fertility would not be affected by a PPL scheme, and the 51.47% (n=35) who had already constrained their fertility because they could not afford the long term costs of child rearing. However, the results indicated that many others did feel able to manage the long term costs of between one and three children when receiving two incomes, but it was the period of the child's infancy requiring a drop to one income, which constrained their fertility. This view was reflected by both childless respondents and by those with children, so that even if some respondents were not fully aware of the long term costs of children, many were aware of these costs. This result can be understood in the context of the Australian housing market. The price of houses in Australia have risen substantially over the last two decades, far outpacing the growth in inflation, average earnings and household income: the median first home purchased in Australia in 2006 was \$360,000 (Kryger, 2006). If the average first mortgage, then, is around \$300,000, minimum weekly repayments on a thirty year loan at an interest rate of 7.5% are approximately \$500 per week. With an average household income of \$67,860 (ABS, 2007), the average Australian household that purchased their first home in recent years is spending 38.31% of its gross income meeting mortgage repayments (or for non-home owning households, a slightly lower percentage on rental payments). While averages blur the diversity of circumstances that different households face, it is clear that the average young Australian couple setting out in life would not be able to afford their basic housing and food expenses on one wage, let alone additional expenses of a baby. The Fertility Decision Making Project's research, which indicates that although most Australians of reproductive age would ideally like to have two or three children, the primary factor influencing the fertility decisions of both male and female Australian in their twenties and thirties was their ability (or inability) to support a child (Weston, et al, 2004). It makes sense, then, that if young Australians *want* to have children, offering financial security to families in the initial months of a child's life is likely to increase people's fertility. Given the high housing cost/wage ratio, it also makes sense that, as the results of this study demonstrate, the more financial support that is offered,

the greater the number of people enabled to realise their desires to have (more) children.

The multiple costs of mothers returning to work too early after their baby is born, and the multiple benefits of a longer period of parental leave offer some explanation as to why 97.47% (n=92) of respondents favoured a longer period of paid leave than the 18 weeks that has been proposed by the Commission. The costs of early return to work include: increased rates of post-natal depression (McGovern et al, 1997, as cited in Rhum, 2000) which affect workplace productivity and maternal health, and in severe cases, infant health and psychomotor cognitive and social development (Pedros Rosello, 2006); increased workplace and road accidents due to fatigue and interrupted sleep; infant health problems and lowered immunity to diseases due to early cessation of breast-feeding. In addition, childhood behavioral, social and emotional problems can occur due to poor attachment and insufficient emotional stimulation in the critical period of infancy when neural pathways are developing (Pedros Rosello, 2006). This can cause poor educational outcomes due to behavioral, social, emotional child maldevelopment and have a flow on effect of lowered productivity in adult years. There are also social costs stemming from societal dependence on long day care, one being the cumulative effect of a large number of people in society with poor ability to relate due to attachment and emotional issues. A comprehensive measurement of these costs of early return to work is beyond the scope of this study, but there are numerous other studies, such as Rhum (2000), which find that parental leave is a cost-effective method for improving child health. Furthermore, a longer period of PPL has been shown to yield returns to society in the form of a better child and adolescent outcomes. Some of the benefits include fewer childhood and adolescent behavioral issues, increased academic and educational attainment, lowered rates of crime and youth delinquency, and increased employment successes (Karoly et al, 2005, as cited in Australian Association for Infant Mental Health, 2008). Another benefit to a longer period of PPL is the reduction in postpartum depression induced by the stress of early return to work. Given these costs and benefits (though there were differing levels of awareness regarding these costs and benefits), respondents overwhelmingly concluded, as does the Commission, that a minimum of six months but ideally a period of 12 months is the optimal time for parent and child to have together at home before the infant starts daycare and parents return to work.

The financial constraints couples face explain why most respondents felt that a PPL scheme needed to offer a full six months (25.23%, n=24) or 12 months (72.24%, n=68) of *paid* parental leave. The Commission expects that extra weeks of leave required to extend the proposed 18 weeks leave to make up a total of 6–12 months leave (and/or the gap between the minimum wage and the foregone parent's income) can be funded by parents own holiday leave and personal savings, *but the reality is that even after* using personal savings and accumulating holiday leave, many people cannot scrape together sufficient funds to supplement the drop to one wage and make ends meet. This is evidenced by the 34 respondents whose fertility was frustrated by inability to afford the drop to one wage post birth; these people preferred not to have children if they could not take an appropriate amount of leave. It is unlikely that the proposed 18 week scheme would make 6-12 months leave significantly more attainable for those who cannot currently afford it, because the Commission's proposal would provide only \$2389 in extra support (subject to marginal income tax

rates) when the baby is born beyond what is currently available<sup>4</sup>. As it is, under current arrangements, many couples who do choose to have children cannot afford to self fund at least six months out of the workforce to support exclusive breast-feeding and maternal health, let alone provide the ideal of 12 months at home with a primary carer that is optimal for infant social and emotional development. This is evident in Australia wide trends where 15% of mothers return to the workforce by the time their child is 3 months old, and 29% return by 6 months (Productivity Commission, 2008). So while 18 weeks of paid parental leave would be a welcome step forward in terms of normalizing parental leave, and would enable some families to extend their time out of the workforce by about four weeks, quite a number of low to middle income families would remain unlikely to secure at least six months out of the workforce, let alone 12 months, because the proposal offers little financial support above current arrangements. Beyond being able to finance a slight increase in time out of the workforce, these families are unlikely to secure significantly greater maternal and child well-being under the proposed scheme, than otherwise. Real advances in maternal and child well-being would only be secured if *at least six months but ideally 12 months of paid leave were offered universally to parents in the workforce*.

The tight housing cost/wage ratio offers an explanation as to why so many respondents rejected a blanket minimum wage payment (59.34%, n=54), and feel that parental leave payments should be made at a percentage of the wage of the foregone during leave. However, there are two problems with basing payments on income. The first is resentment between high and low income groups that one group receives greater payments than the other. The second is the law of declining marginal utility which means that any dollar of tax-payer assistance awarded to a wealthier family is not as welfare enhancing as the same dollar of assistance awarded to a poorer family. Though many respondents argued that higher income earners pay more tax and therefore deserve more assistance, giving larger sums of tax-payers money to individuals is difficult to justify when there are other budgetary pressures the government must address. Full income replacement for all parents of newborns is not fiscally feasible. It is also not entirely necessary, because beyond a certain income, people are more able to save and finance the difference between the government payments offered by a paid parental leave scheme and their higher than average lifestyle/housing costs. Furthermore, as the Commission points out, the higher a person's income, the more likely that their employer also offers paid parental leave in order to retain their skilled employees. Higher income earners are therefore likely to be able to top up their parental leave payments through a combination of personal savings and parental leave entitlements offered by their employer. As a few respondents indicated, the idea of paid parental leave is to enable those parents who just cannot survive on one wage for 6-12 months, to keep a roof over their heads and food on their tables whilst they take leave from paid work to have an infant, not to maintain upper and middle class people in a lavish lifestyle because that is what they are accustomed to. Thus, as suggested by a number of respondents, if payments are

---

<sup>4</sup> The total amount available is actually \$3037 more than what is currently available to a mother earning \$400 per week, however, \$648 of that amount is superannuation payments, which are not accessible. If the mother is the parent taking the benefit, and the father is eligible for the proposed 2 week paternity leave, the family will qualify for an additional \$1088 (subject to his marginal tax rate). However, this payment can only be taken if the father actually forgoes work for two weeks. For the majority of fathers who earn more than the minimum wage, accepting this leave will result in a *drop* in income.



made at a proportion of the foregone earner's income, capping a maximum level of payment is an appropriate measure.

The survey demonstrated very obviously that a great deal of the disparity between men and women in the workplace is due to the fact that women are largely responsible for taking time out of the workforce to care for children. The damage to one's work opportunities that taking time out of the workforce presents, explains why many people did not feel that a paid parental leave scheme would increase gender equality unless it provided equal leave for mothers and fathers. The housing cost/wage ratio which make finances for average families on one wage very tight puts pressure on the lower earning partner to take time out of the workforce if a couple does decide to have children. The *'Women, Men, Work and Family Project'* study conducted in 2005 by the Human Rights and Equal Opportunity Commission (HREOC) concluded that as long as women continued to earn less than men, they would be under more pressure to give up or reduce their paid employment in order to meet caring obligations (HREOC, 2007). Because women earn 83.6 cents to every dollar of men's pay (HREOC, 2007), the lower income earner in a male/female couple is usually (but not always) the female partner. The trend for females to be the primary sex taking time out of the workforce reinforces the pay and promotion disparity between men and women. If time away from the workforce continues to be borne primarily by women, they will continue to be paid and promoted less than their male counterparts. The Commission's 18 week proposal will not address gender inequity, but will instead reinforce mothers as the individuals who bear the larger social and economic costs of caring for children and marginalise fathers from staying at home to care for children. Though the Commission recommends the 18 weeks leave is equally open to both parents, in practice it is most likely to be taken up by mothers, rather than fathers, for two reasons. Firstly, many babies are exclusively or partially breast-fed in the first few months of life, and the short period of time proposed does not extend past this breastfeeding period. Secondly, because the Commission proposes parental leave be paid at the minimum wage, the gap between the amount paid and the mother's actual wage is likely to be smaller than the gap between the amount paid and the father's actual wage. Thus the pressure would remain on women to take the parental leave and bear the associated employment, career and financial costs.

### ***5.3 Limitations***

There was an obvious female sample bias in this study as compared to the wider reproductive population, which highlights the need to conduct randomly sampled research into this area. However, the female sample bias does not undermine the validity of the results. Most fertility decisions that women make are usually done in consultation with their (primarily) male partners, and the responses of women were therefore considered to be representative of men's fertility decisions. Secondly, as the sole bearers of and primary carers of young children women are considered highly qualified to answer the survey questions regarding the needs of working families, gender equity and parental and infant well-being. Despite not being randomly selected, and though the sample group was biased towards people with a vested interest in a paid parental leave scheme by gender, the study was representative of the Australian population of reproductive age in terms of fertility and household income.

The results of this study can therefore be inferred as representative of the target population; that is, working Australians of reproductive age.

The most significant limitation of this study was the time constraint (responses to the Commission's draft report are due by November 14<sup>th</sup>, 2008, 6 weeks after release of the report), which precluded the possibility of obtaining a random sample in order to minimize sample bias. A further limitation of this study was that the part of the survey exploring people's fertility decisions measures their *intentions and hypothetical responses*, and it is difficult to test if reported intentions would necessarily lead to action. The study therefore could have been strengthened with a complementary regression analysis of how PPL schemes have influenced fertility in other countries where PPL schemes have already been implemented. Unfortunately, time did not permit.

Another limitation of the study is that in exploring the impact of various paid parental leave schemes on people's fertility decisions, the survey did not make explicit the fact that PPL would only be awarded to people who were attached to the workforce. Though most respondents indicated that they understood that a paid parental leave scheme should only be available to people in active employment, it should not be assumed that all respondents understood this. Therefore, some people who were not in active employment may have answered that the scheme would affect their fertility upwards when in fact they would not meet the employment test and therefore would not qualify to receive PPL. The effect of such misunderstanding on the results is likely to be small, however, because 85.18% (n=92) of respondents were in active employment anyway.

In hindsight, research regarding maternal and child well-being could have been explored in greater depth, asking specifically about the experiences of working parents regarding sleep, workplace productivity, breastfeeding and infant social and emotional development. Much of this information came through in people's responses anyway. This question could also have probed how various PPL schemes would impact on the length of time taken out of the workforce as compared to the length of time taken out of the workforce with no PPL scheme in place.

#### **5.4 Recommendations**

Other than the recommendations made below, I support the objectives and thrust of the Commission's draft report, and welcome 18 weeks paid leave for primary carers and two weeks paid leave for supporting parents as a positive starting point.

##### ***Recommendation one: Extend the period of paid leave offered to 12 months***

Despite the fact that many respondents agreed that payment should be paid at a percentage of income, I would like to make resoundingly clear that any increase in the PPL scheme budget must first be spent on increasing the length of leave offered to all, *before* awarding already (comparatively) wealthy individuals greater amounts of money during paid parental leave. Respondents indicated, as does the maternal and child health literature, that 12 months is the ideal period for paid parental leave. Accordingly, the Commission should extend the period of paid parental leave it recommends to 12 months. If the Commission feels that it cannot recommend a 12

month scheme initially, it should recommend that the scheme be incrementally increased to 12 months by 2015.

Based on the results of this study, a 12 month paid parental leave scheme offering the minimum wage would lift Australia's fertility rate by around 20%<sup>5</sup>. This would produce an extra 35,000 babies per year born to women in the workforce. The total cost of funding 12 months parental leave paid at the minimum wage for people in the workforce who had a baby would be \$3.75 billion per year<sup>6</sup>. Though a 12 month PPL scheme will clearly be very costly, the returns far outweigh the upfront costs. The revenue return generated by increased fertility justifies the extra expense of extending the period of leave offered to 12 months. The total increase in future government revenue derived through this increase in fertility would be the total proceeds from the lifetime income tax generated by each additional child born. Each additional child is likely to generate approximately half a million dollars (in today's dollars)<sup>7</sup> in income tax towards government revenue over their lifetime which would not have otherwise been generated. Thus, the net lifetime return in income tax revenue *from the extra babies born* in any one year of a 12 month PPL program will be \$17.5 billion, which is 4.6 times the \$3.75 billion annual cost of providing 12 months leave *to all workforce attached parents of newborns*. Thus the lifetime income tax revenue derived from the extra babies born will outweigh the annual costs of the program by \$13.75 billion dollars per year that the program is run. Clearly there are other costs to the government initially, before such returns are reaped. These calculations do not take account of the fiscal burden of supporting these children in the first 15 years (through increased childcare subsidies for example). This is partially offset because the revenue calculations also do not include the consumption taxes which would be derived from these children over their lifetimes. Inclusive of these costs and benefits, a 12 month paid parental leave scheme would still return a significant net revenue benefit to the Australian government in 20-60 years time.

---

<sup>5</sup> This estimate is based on a conservative application of the upwards fertility trend found in the sample group to the wider Australian population. The sample group indicated that a 12 month scheme at 75% of the minimum wage would increase their fertility by upwards of 26%, I have used a conservative estimate here in order to account for any sample bias towards respondents who would be more likely to increase their fertility with PPL support.

<sup>6</sup> This figure is calculated based on the Commission's reckoning that each additional week of paid leave at the minimum wage will cost tax payers \$70 million (2008, p. XXII). The additional cost of a 12 month scheme would be \$2.38 billion, over and above the original cost of \$450 million of the proposed scheme, plus the cost of \$997 million to award 12 months minimum wage to the parents of the extra 35,000 babies born, plus an additional \$38.3 million for the 2 week at-birth leave for fathers as proposed by the Commission for the 35,000 extra babies born. All figures are post-clawback via taxation and restructure of existing welfare transfers, as proposed by the Commission.

<sup>7</sup> This is estimated by multiplying the income tax (\$11,900 per annum) of an individual earning today's average wage as calculated by the ABS (\$57,668 per annum) throughout their working lifetime (45 years). This calculation is a very rough estimate for the purposes of demonstration; it does not account for variable change, such as a drop or increase in the marginal income tax rates. It also does not take into account variables which would increase the amount of income tax collected from the extra children born (such as tax collected through their non-waged income or the higher marginal tax rates of those who turn out to be higher income earners). It also does not account for variables which would reduce the amount of income tax collected from the extra children born (such as reductions on taxable income through deductions, tax rebates and the possibility that some children produced may not be active in the workforce). However, these variables are likely to cancel each other out so that the estimate is valid (although erring on the low side) for the purposes of demonstration.

Beyond the revenue benefit from the *extra babies born* under a more generous 12 month paid parental leave scheme, extending the period of leave offered will reap savings and benefits through the flow on effects of increased maternal and child health and development for the 175,000 working families in any given year *who would have a baby anyway*. With 12 months of paid parental leave, the 50,750 children of working parents who are currently put into long day care before they are six months old each year, and the 105,000 children per year put in long day care before they are 12 months old<sup>8</sup>, would receive quality one on one care with one of their parents until their first birthday and the associated benefits. This would save in government subsidies to long day care for under one year olds. Moreover, the 12 month period is supported by multiple studies which have shown the multifaceted benefits of being with a primary carer for the first 12 months to the social, emotional and physical development of the child. Offering 12 months of paid leave would also reduce the number of women who experience postpartum depression induced by the stress of early return to work. Furthermore, with 12 months paid parental leave, national breast feeding initiation and longevity rates would also increase, saving millions of dollars in health costs through reduced hospitalizations of infants and lower rates of maternal cancer. Increased breastfeeding is also good for productivity as the link between breast-feeding and increased intelligence has finally been proven (McGill University, 2008). Not only would increasing the period of leave available offer greater maternal and child welfare enhancing returns, it would also increase the potential to meet the Commission's objective of gender equity, a point I address in recommendation two.

***Recommendation two: Quarantine a portion of the 12 months paid parental leave for each parent.*** This recommendation is made in regards to the period of leave available to the primary carer, in order to promote shared primary caring. All but one of the respondents in this study fully support a period of quarantined 'supporting parent' leave available to fathers post-birth, as has been proposed in the Commission's draft report.

In order to meet the objective of promoting gender equity, a paid parental leave scheme must challenge discrimination towards women of child-bearing age in the workplace and address the gendered costs of raising children. The scheme could achieve this by encouraging men and women to take an *equal* role in time out of the workforce to act as the child's primary carer<sup>9</sup>, by offering six months of the 12 months paid parental leave *to each parent*. The leave should be taken successively in the order decided by the parents (who would most likely use the mother's leave entitlement for the first six months and the father's for the second six months). This way, both parents can take a turn at being the primary carer. At least half of each parents' leave entitlement (three months) should be offered on a take-it-or-leave basis, and should not be available to be transferred between parents (except in cases where one parent is absent or has died, and in which case the remaining parent should be entitled to the full 12 months). Under this arrangement, one parent could take a maximum of nine months paid leave, but in order to access the remaining three

---

<sup>8</sup> Calculation based on the 29% of the 175,000 working mothers who return to the workforce 6 months after childbirth, and 60% who return to the workforce before 12 months (as reported by the Productivity Commission, 2008)

<sup>9</sup> Of course, that not all parental dyads are male/female partnerships. However, because the majority are, this recommendation will help decrease gender inequity in the workplace and in the home.

months of paid leave, it must be taken by the second parent. Splitting the leave like this would ensure that workplace attachment is maximised, the costs of taking time out of work are shared between men and women, workplace and family gender equality is promoted, the breastfeeding relationship and maternal health is not undermined, the infant receives the optimal 12 months of parental care, and fathers get a revolutionary opportunity to spend quality time with their young child(ren). Mandating that a portion parental leave be available for each parent will also go a long way towards breaking down workplace culture which expects that time out of work for family duties is a woman's responsibility. It would also build acceptance of male participation in caring for children. It would therefore also help meet the Commission's objective of normalizing the fact that taking some time out of work to care for children is an ordinary part of work and life.

The opposing argument to this recommendation is that families should have the freedom to decide how best to allocate their 12 months of parental leave between the parents. However, the non-transferability clause is necessary to promote gender equity and shared parenting, because otherwise the lower earner (in most cases the female partner) will always be under pressure to take the most time out of the workforce. Allowing parents to allocate the full 12 months of parental leave to one parent would mean that the greatest majority of parental leave would likely continue to be taken by women, and the costs of balancing work and family (lower income, fewer promotion opportunities, general lack of advancement compared to male colleagues) would continue to be borne by primarily women. World over women are paid less than their male counterparts in equivalent roles in the order of 15-30% (WHO, 2008), in Australia the differential is 16.7% (HREOC, 2007). If this situation is *ever* to be rectified, women need statutory measures which create socially enabling conditions which support their participation in the workforce on equal footing with men, such as equally shared parental leave. **If women remained under pressure to take the majority of parental leave (as they would be under the Commission's 18 week proposal), the Commission's objective of gender equity would not be met. On the contrary, if leave is shared, women's equity with men in the workplace would be advanced, which would also help meet the Commission's objective of increasing women's attachment to the workforce.**

***Recommendation three: Introduce a levy to finance the scheme if necessary.*** It is looking increasingly more likely with the current global financial crisis which has presented a number of challenges and erosions to Australia's budget surplus that the Australian government may not be able to afford to finance 12 months paid parental leave. In this case, a tax-payer levy, (similar to the medicare levy) or employer payroll levy (or a combination of both) should be introduced to finance the program instead, so that a PPL scheme can be introduced in a timely manner. Lack of available finance does not reduce the benefits to society that a PPL scheme offers nor reduce justification that the scheme is tax-payer funded. Because the returns to society in the form of government revenue would outweigh the costs of a 12 month PPL program, and therefore eventually the program can support itself, this levy should be removed as soon as is fiscally feasible.

***Recommendation four: Base payment on a percentage of the foregone earner's wage.*** The amount paid should be based on a percentage of the foregone income earner's wage, capped at a wage considered reasonable (such as the average

Australian wage). In practice, if payments are made at 60% of the foregone wage, capped at a maximum \$52,000, the maximum weekly payment will be \$600; only slightly greater than the minimum wage. Clearly a minimum payment would need to be in place, because 60% of minimum wage is too low, particularly for family where both parents are low income earners. However, I reiterate here that if a trade off must be made between duration and amount paid, it is more important to secure a longer duration than a greater weekly amount. Households' making late payments of bills is unlikely to have the same long term detrimental effects that returning to work too early after the infant is born can have.

***Recommendation five: Introduce increasing Australia's fertility rate as an objective of the PPL scheme.*** As discussed in the background section of this report (pp. 4-6), Australia's aging population will cause a high workforce dependence ratio and a shrinking tax base. This will mean that the real revenue of the Australian Government will decline in 20-40 years, which will threaten the quality of delivery of political goods (roads, schools, hospitals, defence, etc) unless fertility rates can be kept steady or increased. Given the findings of this study regarding the potential positive impact of a comprehensive PPL scheme on fertility, and the need for strong fertility to mitigate the aging of Australia's population, I recommend that the Productivity Commission to reintroduce the goal of increasing population fertility as a major objective of the PPL scheme. Lattimore and Pobke (2008) argue that there is no need to be concerned about Australia's low fertility rate because we are currently in a 'safe zone' of fertility (defined as between 1.7 and 2.1 babies per woman). However, in reality, the number of women available to have children is going to reduce in coming decades as the daughters of baby boomers move beyond their fertile years and the actual number of women of reproductive age in Australia declines (FaCS, 2001; ABS, 2005). Thus, fertility is also likely to decline in coming years, bringing Australia's TFR down from 1.81 to a rate below or very close to the edge of Lattimore and Pobke's 'safe zone' of 1.7 babies per woman. Though Lattimore and Pobke argue that an increase in fertility will have a negative effect on workforce participation rates and therefore slow short term growth, this conclusion is based on the policy context in which there are significant welfare and tax disincentives for mothers to work, an absence of a paid parental leave scheme and a lack of family friendly workplace policies which promote increased workforce participation *and* fertility. With a change in policy to support mothers in their productive agency, increased fertility need not have hefty impacts on productivity as is the situation now. In any case, a lower fertility rate will retard long term economic growth and worsen the aging of Australia's population; a short term reduction in productivity may be a necessary cost in order to secure a steady workforce dependence ratio for the future. A PPL scheme for Australia should therefore aim to increase fertility.

***Recommendation six (only necessary if recommendation one is not adopted): Research the true cost of early return to work post-birth in terms of its impact of maternal and child health, workplace productivity, and child and adolescent development outcomes.*** If recommendation one is not adopted, research into the costs of early return to work must be extended, so that these costs can be factored into the budgeting of various PPL scheme options, in order to measure the true cost of different schemes. Offering too short a period of leave has hidden costs (as touched on in the Discussion section of this report on p. 32), which must be made visible and calculated when estimating the costs of various PPL schemes. The full range of costs

of early return to work has not been considered in the Commission's draft report. Furthermore, the societal and individual benefits of children having one-on-one care with a primary caregiver in their *first 12 months* have been minimized in the Commission's draft report. This must be revisited.

***Recommendation seven (only necessary if recommendation two is not adopted): Remove the stipulation that employers must continue to pay superannuation whilst the parent is on leave.*** If recommendation two (quarantining a portion of the leave for each parent to encourage shared primary caring arrangements) is adopted, the likelihood of employer discrimination towards women of child-bearing age will be abated, eliminating the need for this change. However, if recommendation two is not adopted the stipulation that employers must continue to pay superannuation should be removed. Though the aim of continuing superannuation payments is to mitigate the long term economic effects which women suffer due to time taken out of the workforce to care for children, it is conflicting with other gender equity goals. Levying employers with this cost will result in workplaces, particularly small businesses, discriminating against people of childbearing age, particularly women, because of the burden it places on employers who must pay double superannuation payments if they employ a replacement worker. I note that there is strong support for the condition that employers continue to pay superannuation whilst the parent is on leave by other groups making post-draft submissions to the Commission (except, naturally, from business and industry groups). My objection here is based primarily on the grounds of the potential for increased discrimination towards women, based on the general view of the respondents in this study that forcing employers to shoulder parental leave costs would increase discrimination towards women. I would not have an objection were the superannuation to be funded in a more collective manner (such as through a payroll levy on all employers or tax-payer funded).

## 5.5 Summation

I appreciate the opportunity to make a submission to the Productivity Commission on the subject of Paid Parental Leave. In conclusion this study has supported the hypothesis that 18 weeks paid parental leave at the minimum wage will be insufficient to achieve greater gender equity, improved fertility rates, greater maternal and child well-being, and meet the needs of Australian working families. The results also support the secondary hypothesis that a more comprehensive paid parental leave scheme will improve Australia's fertility rate, secure greater maternal and child-well being, and meet the needs of Australian working families. This study provides the Productivity Commission with valid research into the constraints to fertility for Australian people of reproductive age; the needs of Australians in regards to a paid parental leave scheme; the likely impact of a paid parental leave scheme on the fertility decisions of Australian people; the impact of unpaid parental leave on gender equality in employment, and people's views on the potential impact of paid parental leave on gender equality in employment. This study presents numerous recommendations for the Productivity Commission to adopt in its final proposal for a statutory paid parental leave scheme for Australia which will help meet the Commission's objectives of increased maternal and child well-being, greater gender equity, greater female productivity and workplace attachment, and normalisation of parental leave as part of the ordinary course of life and work. If the Productivity Commission adopts the recommendations developed by this study, their final

recommendation is much more likely to meet these objectives than their draft recommendation.

## **BIBLIOGRAPHY:**

Australian Association for Infant Mental Health (2008), Initial Submission No. 25 to the Paid Maternity, Paternity, and Parental Leave Public Inquiry, [http://www.pc.gov.au/data/assets/pdf\\_file/0008/79784/sub025.pdf](http://www.pc.gov.au/data/assets/pdf_file/0008/79784/sub025.pdf), accessed 11/11/08

Australian Bureau of Statistics, (2008), '*Employee Earnings, Benefits and Trade Union Membership, Australia, Aug 2007*', Catalogue No. 6310.0, Canberra, ABS

Australian Bureau of Statistics (2007), '*Household Income and Income Distribution*', Catalogue No. 6523.0, Canberra, ABS

Australian Bureau of Statistics (2006), '*ABS: Australian fertility rate highest in 10 years: Births, Australia, 2005*', Catalogue No. 3301.0, Canberra, ABS

Australian Bureau of Statistics (2005), '*Population Projections Australia 2004 to 2101*', Catalogue No.3222.0, Canberra, ABS

FaCS (2001), '*Australia's Fertility Rate: Trends and Issues*', Research FACs Sheet no 9, available at [http://www.facs.gov.au/internet/facsinternet.nsf/via/research\\_dss/\\$file/facsheet9.pdf](http://www.facs.gov.au/internet/facsinternet.nsf/via/research_dss/$file/facsheet9.pdf), accessed 31/10/08

HREOC (2007), '*Pay inequality limits choices for men and women*' HREOC Office Press Release, available at [http://www.hreoc.gov.au/about/media/media\\_releases/2007/10\\_07.html](http://www.hreoc.gov.au/about/media/media_releases/2007/10_07.html), accessed 3/11/08

Kryger, T (2006), '*House Prices*', Research Note no. 7 2006–07 Australian Parliamentary Library, <http://www.aph.gov.au/library/pubs/RN/2006-07/07rn07.htm>, 3/11/08

Lattimore, R and Pobke, C (2008), '*Recent Trends in Australian Fertility*', Productivity Commission Staff Working Paper, Canberra, July [http://www.pc.gov.au/data/assets/pdf\\_file/0003/82371/recent-fertility-trends.pdf](http://www.pc.gov.au/data/assets/pdf_file/0003/82371/recent-fertility-trends.pdf), accessed 19/11/08

McDonald, P. and Kippen, R. (1999), '*Population futures for Australia: the policy alternatives*', Vital Issues Seminar, Parliamentary Library Seminar Series, Canberra: Department of the Parliamentary Library

McGill University (2008), '*Breastfeeding Associated With Increased Intelligence, Study Suggests*' *ScienceDaily*, <http://www.sciencedaily.com/releases/2008/05/080505162902.htm>, accessed 19/11/08

Rhum, C (2000), '*Parental Leave and Child Health*', Journal of Health Economics, Vol. 19, No. 6, pp. 931-960



Pedros Rosello, A. (2006), Chapter VII '*Postpartum Depression and Childrearing Style on Child Development*', in Rosenfield, A (ed) New Research on Postpartum Depression, Nova Publishers, pp. 105-120

Productivity Commission (2005), '*Economic Implications of an Ageing Australia*', Research Report, Canberra,  
[http://www.pc.gov.au/\\_\\_data/assets/pdf\\_file/0020/69401/ageing.pdf](http://www.pc.gov.au/__data/assets/pdf_file/0020/69401/ageing.pdf), accessed 19/11/08

Productivity Commission (2008) '*Paid Parental Leave: Support for Parents of Newborn Children*', Draft Inquiry Report, Canberra, available at  
[http://www.pc.gov.au/\\_\\_data/assets/pdf\\_file/0004/83425/parentalsupport.pdf](http://www.pc.gov.au/__data/assets/pdf_file/0004/83425/parentalsupport.pdf), accessed 04/11/08

Weston, R, Qu, L Parker, R and Alexander, M (2004), '*It's not for lack of wanting kids: A report on the Fertility Decision Making Project*', Australian Institute of Family Studies, Research Report no. 11,  
<http://www.aifs.gov.au/institute/pubs/resreport11/main.html>, accessed 3/11/08

Whitehouse, G., M. Baird and C. Diamond (2006), '*Highlights from The Parental Leave in Australia Survey*', <http://www.polsis.uq.edu.au/index.html?page=55767>, accessed 04/11/08

World Health Organisation (2008) '*Closing the Gap in a Generation: Health Equity through action on the social determinants of health*', Commission on the Social Determinants of Health: Final Report Executive Summary, WHO Press, Switzerland

## **APPENDIX 1: COPY OF THE SURVEY**

**Please take 30 minutes to complete the questionnaire below to make your experience count towards legislating Paid Maternity Leave in Australia. Please pass this survey on to your friends. Both women and men, and those with children and without are encouraged to participate. All information will be kept confidential. Results of this survey will be collated and submitted to the Australian Government Productivity Commission's Public Inquiry into Paid Parental Leave.**

### **Section 1: Personal particulars**

1a). Age:

1b). Sex:

1c). Number of children:

1d). Single or living with a partner:

1e). Personal Income bracket in tens of thousands (eg: between 30,000 and 40,000):

1f). You & your partner's combined income bracket in tens of thousands (eg: between 30,000 and 40,000):

## Section 2: Fertility Choices

2a). How many children would you LIKE to have?

2b). How many children do you PLAN to have?

2c). If there is a difference between the number of children you would like to have and the number of children you plan to have, please explain why:

2d). Please consider the paid maternity leave schemes below, and how they might influence the number of children you would have:

*Scheme 1: 14 weeks paid maternity leave at the minimum wage (\$548.12 per week)*

*Scheme 2: 14 weeks paid maternity leave your current wage (capped at \$52,000 pa)*

*Scheme 3: 6 months paid maternity leave at the minimum wage (\$548.12 per week)*

*Scheme 4: 12 months paid maternity leave at 75% of the minimum wage (\$411.09 per week)*

*Scheme 5: 12 months paid maternity leave at 75% of your current wage (capped at \$52,000 pa)*

How many children would you have under scheme 1:

How many children would you have under scheme 2:

How many children would you have under scheme 3:

How many children would you have under scheme 4:

How many children would you have under scheme 5:

2e). If none of the schemes would influence the number of children you would have, please explain why:

2f). What parental leave rights would you like to see the Australian government legislate (in terms of length, amount paid and eligibility)?

2g). Would the scheme that you propose influence your fertility decisions? (That is, please explain how many children you would have and spaced how far apart WITH the scheme and WITHOUT it)

## Section 3: For Parents (if you have not had children, skip to section 3)

3a). How much time did you/your partner take out of the workforce to have children?

3b). What were you/your partner entitled to in the way of parental leave?

3c). Did you/your partner's take more or less than your/their entitlement? Why/Why not?

3d). Did you/your partner experience any adverse consequences from your/their employer for taking parental leave?

3e) Did you/your partner experience any adverse consequences for your career as a result of taking parental leave?

3f) Did your family experience financial hardship during time you or your partner took out of the workplace?

3g) If you answered yes to the above question, did this affect your decisions about subsequent children?

#### **Section 4: Your Opinion on General Factors Relevant to a Paid Parental Leave Scheme (Optional)**

4a). How long do parents need to be at home? (Considering the health of the child; health of the mother and father; and ability to be productive at work, attachment to the workforce, etc. Please feel free to refer to your own experience combining work and children)

4b). In your opinion, do fathers need time off before/during/after childbirth? If so, how long do they need? Should this leave be paid or unpaid? Please feel free to refer to your own experiences.

4c). How much financial support do parents need during the time taken out of the workforce to care for a new child?

4d). Do you think it is important that people from lower, middle and upper socio-economic brackets have children at equal rates, or do you think one group should be encouraged more than others? Please explain your rationale.

4e). Do you think everyone should get the same amount, or should paid maternity leave be paid at a percentage of the parent's income? (If you think it should be based on income, should eligibility be calculated by the mother's income, father's income or combined family income). Please explain why you think so.

4f). Who should be eligible to access paid parental leave? (eg, should the scheme include working and non-working parents, casual and self employed workers, grandparents, both fathers and mothers, adoptive and same sex parents, etc)

4g). How should the parental leave scheme you suggest be funded? (eg by the government, by employers, by employees or by a combination). Please explain your rationale.

4h). Do you think a paid parental scheme would increase or decrease women's equality in the workplace? Please explain why you think so.

4i). Would you like to add any other comments that you feel would be relevant to a parental leave scheme?

## **APPENDIX 2: RAW DATA**

The raw data generated from this study is available from the author of this report, upon request.