

Response to the Inquiry report and draft recommendations

Catalyst Australia welcomes the report by the Productivity Commission, *Paid Parental Leave: Support for Parents with Newborn Children*.

The draft inquiry report makes a substantial contribution to debates about work and parenting in Australia. The Commission is congratulated for undertaking an authentic consultation process that has involved a diverse range of people and groups with an interest in this issue. This has captured enormous public goodwill, support, evidence and ideas to direct policy through this Inquiry and beyond.

There must be continued political will to introduce a fully funded scheme in the 2008-09 federal budget.

While the Inquiry has heard differing views about the best policy model, there has been almost unanimous support for policy action and a recognition that Australia lags behind the rest of the world in this important employment policy area.

Catalyst has participated in the Inquiry and in the National Foundation for Australian Women's consultation process in Sydney. Catalyst endorses the main thrust of NFAW's response to the draft report and recommendations, particularly in relation to indigenous women, trainees, cadets and juniors.

We thank the Commission for an opportunity to respond to the draft report and outline some comments below.

1. Comment on some key draft recommendations

a. Paid parental leave as an employment related entitlement:

Catalyst agrees with the primary emphasis on an employment related entitlement for working parents. Catalyst was one of many organizations that argued for a distinction between work-related entitlements and welfare transfer payments and we are pleased to see this focus has been adopted in the draft report.

The requirement in recommendation 2.3 that employers administer payments to staff is vital in entrenching the scheme within the employment contract and relationship.

This must be supported with simple and efficient transfer and reimbursement payments from government.

b. Eligibility:

The eligibility period for parents to have worked for an average of ten hours a week on a 'continuous' basis for 12 months or more prior to birth seems sound, but will not reach individuals who currently work one day per week.

This has been raised by the ACTU and others who argue that 7 hours per week is a better eligibility standard and one that is more practically aligned with how part time hours are worked.

c. Period of paid parental leave:

A 26 week scheme is strongly supported by the evidence on health and well-being¹. It should also be supported in public policy. That is, if six months is the right or optimal period of leave for child

¹ The Commission has concluded that there is 'compelling evidence' of child and maternal benefits from a postnatal absence of around six months (and up to 9-12 months). The report also highlights the 'average' benefit from exclusive breastfeeding of up to six months and notes that 'from a policy perspective, it is the average effect that matters' (Overview XVIII-XIX).

and maternal well-being, this should be the minimum entitlement for all workers, irrespective of the ability of certain households to co-fund a portion of that period.

Assumptions about co-funding in the report may result in some women and families ending up with less than the optimal period of six months.

There may be funding constraints around immediate introduction of a 26 week scheme. These can be dealt with by treating the 18 weeks as a starting point and increasing this incrementally over a period of two to four years. Another option is to introduce an additional two weeks pre-natal leave (see e. below).

This will ensure that the principle of 26 weeks leave is achieved over time.

d. Income replacement:

The level of income support for low paid women in the proposed scheme is to be applauded. Too often low paid and marginal groups in the labour market are left with the 'scraps' of public policy and it is a major strength of this report that their needs are elevated.

There is nevertheless strong community support for a scheme to be based on full income replacement for those earning above the federal minimum wage. We note below that the federal minimum wage benchmark could discourage men's participation in the scheme, especially where households rely on the higher male wage to meet basic living costs.

Income replacement is an important principle albeit one that employers, unions and governments have a role in achieving. Full income replacement may be achieved through collective bargaining, employer or workplace policy as well as through central public policy setting minimum employment standards. It remains an important goal of any national scheme.

e. Pre-natal leave:

The Commission has stated that leave can be initiated after the birth of a baby, and has not included a pre-natal period into the statutory scheme.

It is entirely consistent with the Inquiry's guiding emphasis on health and well-being to allow women to access paid parental leave where medical grounds require a period of pre-natal confinement.

That is, if the health of the mother is an important consideration in public policy, it shouldn't matter where in the 'birth cycle' these health needs are met.

f. Interaction with other forms of leave:

We reiterate the NFAW's comments regarding the confusion around this issue (see NFAW submission in response, para's 66 to 71).

The national scheme should be additional to any existing parental and maternity leave. There are clearly translation issues that will need to be negotiated when a national scheme is introduced, and this requires assurances that existing workers will not be worse off. This will encourage genuine negotiation between employers, unions and employees under existing schemes to align their current benefits with the national scheme.

Existing entitlements to recreation and long service leave should also be additional or supplementary to the national paid parental leave scheme. It may be appropriate for parents to dip in to their annual or long service leave entitlement to 'top up' payment under the scheme, and this should be considered as an option.

g. Superannuation and continued accrual of leave

The Commission should include payment of superannuation at current earnings. It is critical to women building an adequate retirement income, that contributions during paid periods of leave are maintained.

There should also be accrual of leave in the proposed paid parental leave scheme where the employment contract and service with an employer is on-going.

Payment of superannuation at current earnings and accrual of leave is consistent with well established practice applying to other forms of paid leave. The Commission has pointed out that some maternity leave schemes do not enable long service leave accrual. We consider this to be an anomaly, and potentially discriminatory in treating paid maternity leave differently to other forms of paid leave.

Leave accruals can be based on average hours worked over the past 12 months, and superannuation contributions should be maintained at pre-leave earnings.

There should be a consideration of government assistance to maintain superannuation contributions for women without the right to return for the period they are on paid leave.

h. Cost to business

The draft report notes that the maximum financial cost to business is around 3% of their annual salary cost.

This is very modest when balanced against the retention benefit to an employer and to the economy more generally. For this reason, we consider employers can meet the cost of paying superannuation and meeting existing accruals as argued in (g) above. There may be justification for a government co-contribution to assist small employers continue to make superannuation payments at current salary, provided that strict criteria are met and financial hardship has been established.

The Inquiry has heard from many organizations that offer maternity schemes costing more than the national minimum, all of whom have reinforced the productivity benefits of retaining skilled female staff.

2. Other issues where feedback has been sought

The Commission has stressed that it seeks to design a model that encourages behavioural change and to *encourage socially valuable outcomes that would not have occurred without the scheme*. Increasing men's participation in family and community life is an important social benefit.

Paid parental leave policy has the potential to encourage the sort of behavior changes that will support men in taking greater responsibility for parenting, and will encourage male workplaces to pull their weight in the economy of work and family.

Two areas where this is paramount is in access to part time paid leave, and promoting a focus on the role of father's and men's employers in any scheme.

a. Allowing part time parental leave:

The Commission has sought feedback on whether parental leave should be taken part time by both parents. We consider this is practical and desirable because it will:

- increase the choice available to families
- provide more flexible options for men to take leave, as the Commission has noted
- provide some continuity of employment for both parents thereby limiting the disruptions for employers
- enable both parents to keep in touch with their workplace. This can have beneficial productivity impacts in high skill occupations as it keeps workers in touch with new technology and incremental changes in the workplace.

Allowing the part time sharing of leave is one way to increase choice within households and encourage men to take up leave. We deal with this issue further in the next section below.

b. Providing fathers with more equal access to paid parent leave:

A major strength of the Commission's draft report is that it has not overlooked the role of men, or same sex partners in the policy framework. We support the two weeks paid paternity leave and the 'use it or lose it' basis of this entitlement.

Having said this, the Commission's decision to ensure that mothers retain the right to transfer leave is sound, and will ultimately provide women with greater choice and flexibility in child-rearing.

Catalyst has taken a particular interest in the role of fathers – see the recent opinion piece *In a man's working world parental leave should be about fathers too*² (copy attached).

Following publication of this opinion piece many men contacted Catalyst to indicate their support for the sentiments expressed. They also reaffirmed the impact of workplace culture on limiting men's choice to be active parents.

In response to this interest, we spoke to four men who have played a more active role in parenting about what this involved. These experiences are summarized in an article published on our website titled *Parents these days*³ (copy attached).

The themes which came through the strongest were that men want to be actively involved in their children's lives; that provided financial security and life balance in the family unit as a whole is achieved then men will feel more comfortable with seeking out that involvement; and having the idea of a stay-at-home-Dad more normalised in this day-and-age makes it easier to ask for work arrangements which allow Dad's to be more involved in raising their kids.

One potential barrier to the take up of parental leave by men is income replacement at the level of the federal minimum wage, given men's generally higher household earnings.

Thus income sensitive households may not be able to take advantage of this policy option. This is something that should be monitored over the scheme's operation.

3. Scheme is a starting point

The scheme proposed by the Productivity Commission marks an important starting point for modernizing work and family policy in this country. As with any new policy initiative, there is a need for continued renewal, evaluation and review and noted in draft recommendation 2.12.

Future policy challenges

Some commentators have argued that parents in Australia are already well compensated through the tax and welfare transfer system.

It is true that much of the focus on supporting parents has been provided through the welfare and tax system. As a result many women are forced to shift to a reliance on these payments following birth.

To a very large extent this is a reflection of the past inadequacy of employment policy and the ad hoc way in which it has evolved.

A review of family and tax payments is underway. This should not detract the Commission - or the government - from its task of modernising employment policy to better support working parents – in this instance through a national minimum paid parental leave scheme.

As was stated in our primary submission, work and family policies work best when they are part of an integrated framework that include several elements....

Child care and other family payment policies can influence whether and when a woman returns to work after birth. Australia's complex family payment system, the high cost of child care and the

² Schofield, J, *In a man's working world parental leave should be about fathers too*, Sydney Morning Herald, 1st October 2008

³ Alonso Love, D *Parents these days* www.catalyst.org.au. :

poor targeting of effective marginal tax rates can create disincentives to participation for women, especially when their wages are not high enough to compensate for these increased costs.

In concluding, the Commission's emphasis on employment-related policy is the right one, and it is important that this remains a central feature guiding the continued evolution of work and family policy in Australia.

Catalyst Australia Incorporated

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In a man's working world parental leave should be about fathers, too

Jo-Anne Schofield
October 1, 2008

Under the Productivity Commission's parental leave proposal, men are entitled to two weeks' paternity leave (use it or lose it), and mothers would be allowed to transfer their 18-week entitlement to their partners. It leaves the important decision about who provides primary care up to individual families and, by including women and men, the proposal raises the bar. At last men are becoming visible in parenting policy debates, and the move puts the onus on fathers and industries dominated by men.

Working life for men today has morphed into a 1950s model of male employment. Job security and reasonable hours have been curtailed by an economy organised on short-term contracts, in industries exposed to international competition. This has greatly intensified demands on full-time male workers.

Limiting the role men play as parents limits men's choice to be involved in family life and reinforces the exclusivity of women's role as primary carers. In turn, this limits women's participation in work, forcing many to opt for flexible and part-time employment to meet the competing demands of work and family. That leads to a deeply divided labour market, one where women have less job security and are paid less, which forces men to work more to maintain family income, and that reduces their capacity time, mainly to be active fathers and at home when their children are awake.

There are sound biological reasons why the needs of women are central to the debates about work and family. Giving mothers paid time off after childbirth is good for the health and wellbeing of both mother and child.

Even so, the focus on women lets men - and male-dominated industries - off too lightly. A parental leave scheme for men and women sends an important message to men, and their employers, that they have a right and a responsibility to care for their children.

It lets families decide who will look after their children and, hopefully, this will increase the choices open to families and equality between parents in child-rearing. One of the biggest barriers to parental leave facing male workers in male industries is a workplace culture that fails to acknowledge the role of men in their families. The male culture of work is so powerful many men are simply unable, or unwilling, to ask for a better work-life balance. Those who do ask send a signal to their firms that they are less serious and less committed than others, a situation that perversely penalises women who are left to make this call.

Male industries have been very clever at avoiding any of the costs of providing parental leave across our economy. It is now largely borne by employers in industries that rely on women workers, such as health, education, retail and hospitality.

There is nothing inherently different about work in these sectors. It is simply that employers in female-dominated industries had to reorganise work around the family needs of their employees. Male industries flatly refused to do so.

This inflexibility presents men with a stark choice: toe the line and neglect your family, or get out. Witness the growing number of high-profile men vacating corporate and public life altogether because the unreasonable demands of work leave little time for their families and personal life (most recently the former NSW deputy premier John Watkins).

Getting an equal parental leave entitlement for men is the first step. The second is getting them to take it. Many men may react with horror at the thought of taking an equal or greater role in parenting. Given the choice, I know lots of women who would prefer to arrive home from work after the "arsenic hour" of dinner and bath time.

Still, this is all part of the loving relationship of family life. Demanding that men commit to a kind of priesthood of working life means they forgo this relationship, leaving much of the child-rearing burden on women, and making men's lives less complete.

It is about time men embraced some father guilt and agitated for policy that fits better with their family life. After all, time with family and community makes us all better people.

Jo-anne Schofield is the executive director of Catalyst Australia, a think tank, and a working mother.

Attachment 2

Parents These Days.

Catalyst's David Alonso Love has interviewed four dads about parenthood, gender roles and achieving the work/family balance on www.catalyst.org.au

Raise the question of who should look after the kids, and you enter a minefield of gender roles, household distribution of labour, and parenting styles, with any wrong step potentially fatal.

Arguments such as women have a biological affinity with raising children or that they're better at it are sure to come up. Alternatively, workplaces aren't all that flexible when push comes to shove is another argument that men – in particular – might use to shirk their responsibilities when it comes to parenting.

But is it even fair to say they are shirking their responsibilities? Shouldn't the question of how to share the work of parenting be decided by parents themselves? Or is the 'freedom of choice' argument combined with a perceived inevitability of the roles parents play just another shield for avoiding the work that scares a lot of men the most? Does it allow men to avoid the discussion of rights and responsibilities?

After all 74 per cent of working women used work arrangements (flexible hours; permanent part-time) to care for their children compared with 35 per cent of working men.

In light of the Productivity Commission's recent draft paper *Paid Parental Leave: Support for Parents with Newborn Children*, Catalyst Australia spoke with four men who are or who have been stay-at-home-Dads.

The themes which came through the strongest were that men want to be actively involved in their children's lives; that provided financial security and life balance in the family unit as a whole is achieved then men will feel more comfortable with seeking out that involvement; and, having the idea of a stay-at-home-Dad more normalised in this day-and-age makes it easier to ask for work arrangements which allow Dad's to be more involved in raising their kids.

Justin

Justin, 33, works a regular 38-hour week behind the paint counter at Bunnings' warehouse. His roster is nine days a fortnight which means he often works weekends but has some weekdays off. His partner, Cara, works in a nine-to-five office environment. Justin looks after their two-and-a-half year old daughter Sophie solo for three days each fortnight. On the weekdays when both parents are working Sophie either stays in childcare (two days a week) or with her grandmother. Justin says he and his partner, Cara, miss out on seeing each other a bit because of their working arrangements.

'I always wanted to look after my kids,' Justin says. 'I work with older guys who say to me "We wish we'd done what you are doing." They can see the relationship I have with Sophie and they just never had that with their own kids so early on.' He says teaching Sophie the nicknames of the Australian cricket team or how to barrack for Parramatta have been some of the highlights. 'She thinks Parra' win every week. They're the things I'm passionate about and that I want to share with her, so that's been great.'

Justin says when he first took on responsibility for looking after his daughter on his own he was 'shit scared.' 'I didn't know what I was going to do all day. But you soon get the hang of it. It's really not that hard.'

James

James, 43, was a senior purchasing officer with a mechanical engineering firm when he and his wife had their first daughter, Tillia. After about six months he asked to go from five days down to four so he could look after Tillia while his wife Gail gradually re-entered the workforce.

'Asking for the time off was easier than I thought. I supervised a team so we had to make some arrangements for the day I wasn't there and I was still on call, but it worked really well,' James says.

'I just wanted to be involved in [Tillia's] life. My father wasn't...not because he didn't want to be. He was running a 4,500ha property on his own so he was always on a tractor or off doing something.'

James worked in England for six years before returning to Australia and says the overseas experience exposed him to paid parental leave in action in the early 90s.

'A lot of guys still have the breadwinner mentality. But the opportunity [to be a more active parent] is there if you step up and take it. It's more socially acceptable. And there's more opportunity in one sense because the labour market is flexible.'

Tony

Tony, 48, was an IT contractor in the early 90s when his two children were born. He says a dislike for work combined with a curiosity about these 'new beings' in his life led to him working one or two days a week.

'It was important for me to be involved in that part of my kids' life. I wanted to know what they do, how they think and act at that age, just get to know them,' adding that his father wasn't too involved in his life.

Tony says when he first entered the workforce in the late 1970s women were still relatively new on the scene, apart from secretarial roles.

'The stereotype is less pronounced now but it's still real. Looking after the children is still skewed towards the mother.' He thinks if a couple can 'somehow work it' then the father should try to take some time to be at home with the kids. 'I think it's a great thing. It's important to have a mother. And it's important to have a father. It's the balance. And it's great for the whole family.'

He says he knows of fathers who throw their hands up in horror at some of the everyday aspects of looking after kids and who sometimes bury themselves in work.

'I think it's a bit caveman-ish to not be able to change a nappy or not know what to do with a wipe. It's good to know. You have a fuller life and you have more experiences. It adds to the quality of life.'

Jon

Jon, 41, and his wife Marie, emigrated from England to Australia with an 11-month old baby and a second on the way and ended up with three children in the space of three-and-a-half years. Now with their children fast approaching their teenage years he says constantly reappraising how the family unit is operating, recognising that there are phases to the family's evolution, and making choices around this are important to achieving some type of work/life balance.

‘We’ve all been brought up to believe women can do it all and that men can do it all – you can have status, money, family, hobbies. But the reality is you can’t. You have to make choices.’

Jon says he has seen lots of people – men and women – who have sacrificed family to chase the executive career. ‘There’s nothing wrong with that so long as it’s a conscious decision. You can end up with all the trappings but not be happy.’

He says early on in their children’s lives he took up a job because it had the flexibility of allowing him to work intensively for a period and then not at all. He and his wife made a decision to put family first which involved a series of trade-offs - living in a regional centre and earning less money are two but it’s a deliberate trade-off between time and money.

‘In having kids and deciding to spend time being a part of their lives there comes richness. You measure your self-worth in different ways. A healthy, happy family exposes you to different experiences. You won’t have the opportunity to do those things again as a parent of your children. All up, I think spending the time with your kids makes you a nicer person. If you don’t embrace family life it becomes an intrusion. You become angry and aggressive. You are stressed.’

But he also acknowledged that often in the early stages of a new family the reality is that the father feels the pressure of being the ‘breadwinner’.

‘Women have the baby. For them there is a physical change. For men, it’s a life change, but they haven’t gone through the physical aspect of it. I think women often want to stay home.’

He thinks that once the cycle of workforce participation has been broken by women (by taking maternity leave, for example), then women often feel more able to go back to work part-time, or able to resign because they’ve made that break.

‘And so it’s understandable that men often feel they have to go and earn the money and then feel that they need to work harder to protect the family. A lot of the primal urges come through. Then there’s a recognition that men need to earn more. Then there comes a financial logic to maintaining the status quo. And with that comes a separation of duties – women at home, men in the workforce – which can easily just slide along for years for a whole range of reasons in combination.’

In the case of Jon and his wife they came to a point where neither of them was happy with the quality of their life. ‘Separation of duties becomes separation,’ he says.

Jon says the consequence of both partners working is **flexibility** in the family unit which means they can both play the stay-at-home role or the breadwinner role as the need arises.