



Making Australia the best place in the world to be a parent

TheParentHood



EQUITY ECONOMICS
AND DEVELOPMENT PARTNERS PTY LTD



Table of contents

Introduction	06
Parental leave	14
Early childhood education and care	20
Parental health	26
Workplace practices	32
Case studies	37
Conclusions	44
Appendix	47
Endnotes	50

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Foreword

Parenting matters. In raising children, parents have the future in their hands. By the age of 5, 90% of a child's brain is fully developed^[1] so what happens in the early years of a child's life is richly formative. Children fare best when they are well nourished, responsively cared for with access to learning opportunities from birth onwards, and protected from disease, violence and stress.^[2]

There are around 2.6 million families with dependent children aged under 15 in Australia. Ultimately parents and carers want to give children the best start in life, but they can't do that alone.

Successful early childhood development policies focus on equipping families with the time, resources, knowledge, and skills to provide that nurturing care. Unfortunately, Australia lags developed countries in the provision of best practice, evidence-based policies that support families and children. Among OECD nations Australia has one of the least adequate paid parental leave (PPL) schemes that puts mothers and fathers on markedly different paths from the moment a baby arrives. Australia had the fourth most expensive early childhood education and care (ECEC) fees in the OECD. Participation rates in ECEC lag global peers and Australia's female workforce participation is peculiarly low. Workplace discrimination against parents is prolific. These are all structural drivers of gender inequity which remains stubbornly entrenched. Stereotypical gender roles prevail among parents in Australia in a way they don't in other nations. It costs parents, children, communities and the economy dearly. That Australia's birth rate has slowed so substantially - even before the coronavirus pandemic - makes these issues even more pertinent.

The Parenthood's mission is to make Australia the best place in the world to be a parent, because we believe that when parents are supported, children can thrive and our community will be stronger.

This research examines the gaps in parenting supports - policy, business practices and community supports - compared to international best practice. The results are clear: Australian parents are being let down.

There is no unifying strategy when it comes to policies affecting the lives of parents; rather there are disparate approaches to early childhood education and care, parental leave, perinatal health, gender reporting and taxation. Such a fragmented system is challenging for parents to navigate and fails to deliver optimal outcomes - for children, parents, society and the economy.

This report lays out a blueprint for a national parenting strategy: a coordinated framework of best practice evidence-based policies.

Economic modelling demonstrates the considerable financial benefit associated with a strategic approach to policies that affect the parenting experience in 2021 and beyond.



Image: Wendy McCarthy AO & Georgie Dent

To reimagine the potential of parents, children and Australia, we recommend significant investment in:

1. Universal health and wellbeing support for parents and children through pregnancy and the early years;
2. A parental leave scheme that provides one year of paid leave to be equally shared between both parents;
3. Free and high-quality ECEC for all families; and
4. Flexible and supportive workplaces with universal access to paid carers' leave for sick children.

The Parenthood has worked with Equity Economics and key partners on this report, supported by the United Workers Union, which has been informed by consultations, desktop research, case studies and economic modelling. That analysis indicates the combined impact of the above policies would:

- Enhance childhood development and lift long-term productivity.
- Increase female participation and productivity, reducing the gender gap in workforce participation and earnings.

Equity Economics estimates that the cumulative impact of the proposed changes could increase GDP by 4.1 per cent in 2050 or \$166 billion. If Australia could lift female participation to that of males, it would increase GDP by 8.7 per cent or \$353 billion by 2050.

It is time to prioritise support for parents and children as a critical investment in Australia's future.

We look forward to engaging with policy makers on these important issues and to working alongside them to make Australia the best place to be a parent.

Georgie Dent, Executive Director, The Parenthood.

“Children are the future of Australia so ensuring they are nurtured to reach their full potential is in the nation’s best interests. For children to thrive, parents and families need support.”

*Wendy McCarthy AO,
Patron of The Parenthood*



Introduction

To thrive, parents and children need support. The early years are critical for every child's development and set the foundations for lifelong optimal health, educational, wellbeing and economic outcomes.

However, for many Australians the parenting experience is more challenging due to a lack of support as they transition to parenthood and navigate the additional responsibilities of caring for young children. These challenges are leading to negative outcomes for children, parents and society that result in:

- Poorer educational and health outcomes for children and lower lifetime earnings;
- Poorer health and wellbeing outcomes for parents;
- Reduced participation in the workforce, particularly for women; and
- Lower rates of fertility that undermine long-term sustainability of government finances.

Through an international review of best practice policies, case studies and economic modelling, this report places the spotlight on parenting. We examined the gaps in parenting supports - policy, business practices and community supports - compared to international best practice.

The report emphasises the importance of policies and practices to support parents, showing that investment will yield significant benefits. For the purpose of this report we define parents broadly as the main caregivers of children, and focus on the impact of policies influencing the early years. The early years are critical for child development as well as setting up parental patterns and attitudes.

Making Australia the best place in the world to be a parent of

young children would require major investment in:

- Universal health and wellbeing support for parents and children through pregnancy and the early years;
- A parental leave scheme that provides one year of paid leave to be equally shared between parents;
- Free and high-quality early childhood education and care for all families;
- Flexible and supportive workplaces with universal access to paid carers' leave for sick children.

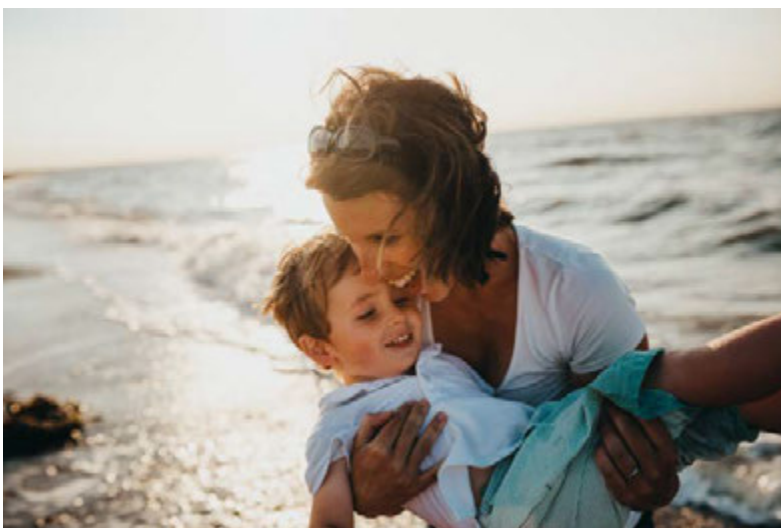
The economic and social benefits would be profound.

Equity Economics estimates that the combined impact of these policies would:

Enhance childhood development and lift long-term productivity; and increase female workforce participation and productivity, reducing the gender gap in earnings.

Combined, Equity Economics estimates that these policies could lift GDP by 4.1 per cent in 2050 or \$166 billion.

If Australia could lift female participation to that of males, it would lift GDP by 8.7 per cent or \$353 billion by 2050.



“What would making Australia the best place in the world to be a parent of young children look like and what would the long-term economic and social benefits be?”

AREAS OF FOCUS

To strengthen support for parents of young children and improve outcomes, we focus on a number of priority areas:

Parental health and wellbeing

Parental health and wellbeing in the pre- and post-natal periods is an important factor in parental and child outcomes. This report focuses specifically on mental health as a challenge for many parents in the early years, that has been exacerbated due to COVID-19.

There is a clear need to better support the mental health and wellbeing of parents through pregnancy and the early years. This includes universal routine screening for mental health challenges (such as depression and anxiety), permanent access to telehealth and wider access to pregnancy, perinatal and early years care and support.

Paid parental leave

The benefits of paid parental leave are wide-spanning – for children, parents, government and the economy. Parental leave has been identified as “one of the few policy tools available to governments to directly influence behaviour among parents.”^[3] As this policy impacts the start of a child’s life, and sets up a pattern for parental involvement, it is critical to get right. Parental leave policies also have the potential to enable families to thrive, and to support gender equality, including through the redistribution of unpaid care.

A strengthening of paternity leave policies is particularly important, with the Australian Institute of Family Studies finding that fathers face stigma, financial pressures and a lack of awareness of parental leave policies. While some employers offer generous policies for fathers, these policies are not structurally embedded and can be changed at the whim of the particular workplace, relative to legislated standards and regulation. Both play a significant role in changing future norms.



Quality early childhood education and care (ECEC)

Quality early learning delivers significant benefits to children, parents and the community.

With ECEC costs consuming a high proportion of family income, it has become prohibitively expensive for many families. The economic benefit of ECEC is often conceptualised as only the support it provides for workforce participation. Reimagining a future for parents and children requires a shift in mindset that emphasises the value of ECEC and educators for early child development, as well as the long-term productivity benefits, with a focus on its critical role in the education of Australia’s youngest citizens. Quality and consistency of ECEC is crucial, both in terms of both parents’ confidence and child development outcomes. Access is important not only in early childhood but during the transition to the early years of school, including through before and after school care. There is a particular need for accessibility to culturally appropriate early learning environments for families from culturally and linguistically diverse (CALD) and Indigenous backgrounds.

Workplace practices

Workplace flexibility, culture and carer entitlements are crucial for parents, with research showing this yields positive improvements in workforce participation rates and productivity. Stakeholder consultations indicated that addressing pay equity is crucial as it influences family decisions regarding participation and take up of ECEC.

An employer providing paid parental leave is not just signalling the value of the employee, and that the employer wants the parent to return, but is also formally recognising the role and value of parenting and families.

THE BREADTH OF PARENTS IN AUSTRALIA

Australia is a diverse country and it is important all parents can equitably access the best support available

Within the reviewed literature, there is a scarcity of research examining specific cohorts of parents and children including Aboriginal and Torres Strait Islander parents. Meeting the needs of Indigenous parents and children requires culturally appropriate tailored approaches. Indigenous leaders have emphasised the need for a focus on self-determination and understanding of cultural values to empower parents.

The challenges facing Aboriginal and Torres Strait Islander families are considerable, with one third of First Nations people living in poverty. Aboriginal and Torres Strait Islander parents are often younger and many mothers and children experience poorer health and wellbeing.^[4] Challenges with accessibility, a lack of culturally safe services and a lack of confidence in existing settings result in Indigenous children accessing formal early learning and care far less than non-Indigenous children.

In addition, the research is lacking across a number of other cohorts of parents:

- Families with disabilities: Those parenting children with additional needs often face additional barriers to participating and require a multi-service approach.
- Families from migrant and refugee backgrounds: Culturally responsive practices are not always readily accessible, and the need for trauma-informed and inclusive approaches is not always met.
- Sole parent families: During the pandemic, single parents and parents experiencing divorce have been particularly affected. The absence of specific supports regularly leave single parents in very precarious situations where taking up casual roles may often be the only solution to achieving needed workplace flexibility. Yet these working environments rarely offer paid leave for caring for children, perpetuating the cycle of disadvantage.
- Families simultaneously caring for children and their own parents: The so-called “sandwich generation” of parents who also balance elder care face particular difficulties. Not only do these parents have increased caring responsibilities, but they are often unable to benefit from grandparents caring for their children (relative to many other Australians who regularly rely on informal family care).
- Adoptive parents, foster parents or families with other relatives as main caregivers: These parents perform primary caregiving roles in many Australian families and their caring responsibilities need to be properly recognised and supported.
- Intending parents facing fertility challenges: For these parents, existing supports are underwhelming.

In this report, we seek to address these inequities by reimagining what Australia's policies and practices could be to enable all parents to thrive.

As part of the research, we have included case studies of parenting experiences from overseas. The report draws widely on stories and approaches of various countries to illustrate how things could be done differently. Based on this international and Australian research, we provide evidence of the link between parenting supports (policies and practices) and:

- Child development;
- Human capital development;
- Productivity; and
- Workforce participation.

“To have strong healthy children, you need strong healthy families. To have strong healthy families, you need strong healthy parents.”

Richard Weston, CEO, SNAICC



NAVIGATING THE CHALLENGES OF PARENTING

What do families need?

Parenting brings with it some of life's biggest joys, but also its biggest challenges. And 2020 made parenting even more difficult. Better supporting Australians to navigate those challenges will benefit children and parents alike.

Being a parent calls for "understanding, patience, imagination and energy"^[5] and both physical and mental health are important aspects of this. To successfully support their child's health and development, parents need to have their own health, work and wellbeing needs met. Yet many parents report that it can be challenging to prioritise their own needs, in the context of the many other demands and stresses on their time. Mothers in particular often experience limited choice in how they spend their time, in terms of caring or working.

Parenting, and especially early parenting, can place significant strain on relationships and wellbeing. Specific parenting programs fall outside the scope of this study but have an important role to play in supporting parents, especially in the early years.^[6] There is a lot to learn when becoming a new parent, and many can struggle to access information regarding what they are entitled to, both in the workplace and in terms of ECEC subsidies.

For many, the start of the parenting journey is particularly challenging due to broader reproductive challenges and pregnancy loss, with recent calls for expansion to leave practices to accommodate these needs, including those of trans people.^[7]

“2020 has presented challenges to families and to parenting that we haven’t seen before. Families across Australia had already been managing drought, disasters and other pressures, and then COVID-19 hit. The stress of these events, combined with worries regarding job security, finances and trying to educate our kids at home have had parents and kids on the brink.”

UNICEF Australia, July 2020^[8]

Parents report that the role is simultaneously highly rewarding and very challenging^[9]

Emotions

49%

FELT HAPPY

39%

FELT STRESSED

The two words parents felt best described family life in 2018 were 'happy' (49 per cent, down from 54 per cent the previous year) and 'stressed' (39 per cent, up from 36 per cent). These were followed by 'overwhelmed' at 37 per cent (up from 34 per cent) and 'content' at 27 per cent (up from 23 per cent).

Expenses

39%

STRUGGLED TO MEET ESSENTIAL EXPENSES

In a 2018 survey, 39 per cent struggled to meet essential expenses like food, mortgage/rent, utility bills, child care or important medical care, in the twelve months prior to the survey (down from 40 per cent the previous year).

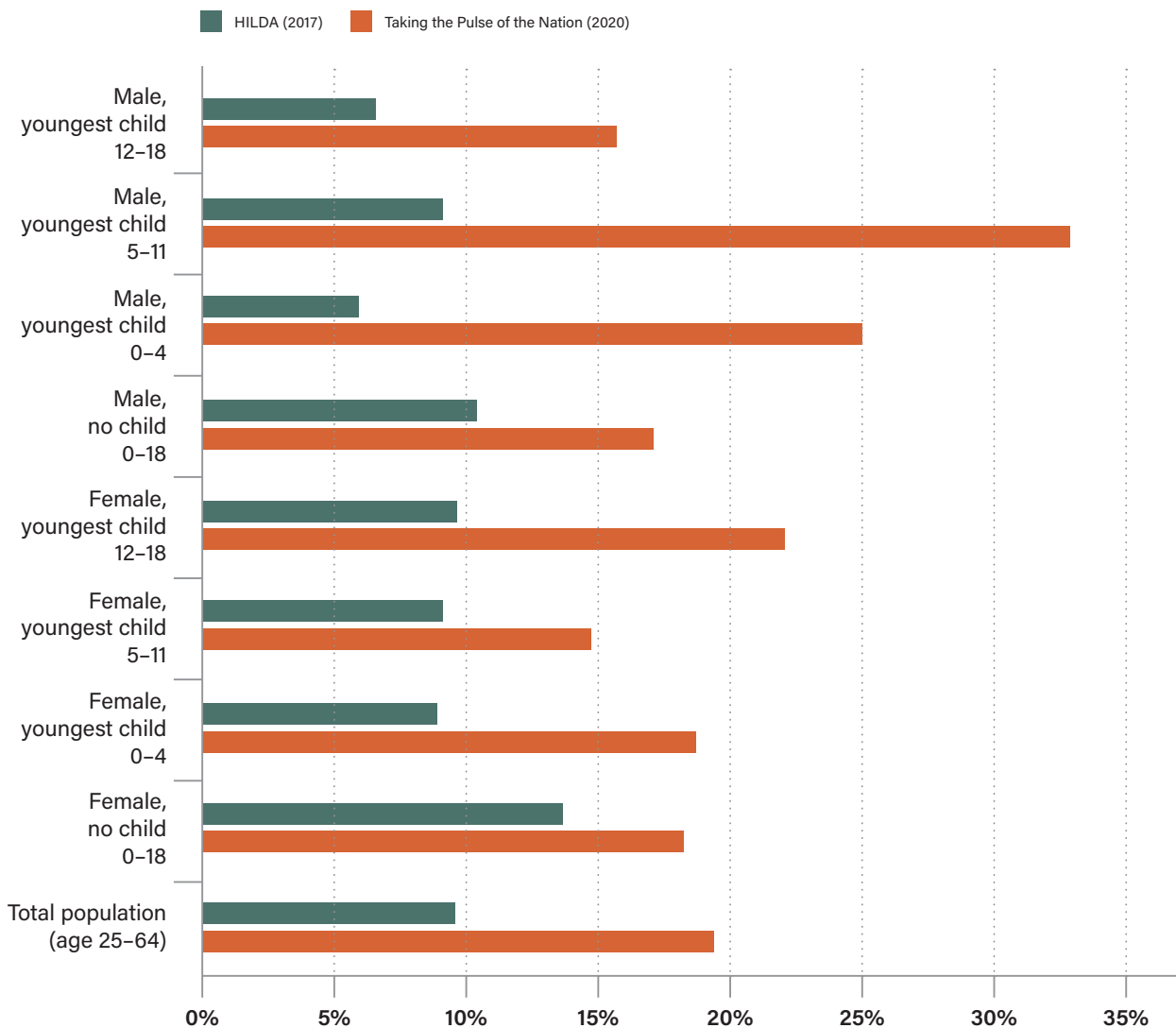
COVID-19 has exacerbated the need for supports. It is a critical time to re-examine the systems supporting parents

The pandemic has had an alarming impact on parents' emotional distress and feelings of isolation. In July 2020 Melbourne University reported that employed parents with primary school aged children were nearly four times as likely to be in high mental distress during the pandemic, relative to 2017 statistics prior to COVID-19.^[10] The Gidget Foundation is reporting increased demand for its services, indicating parents are increasingly struggling with mental health.^[11]

Of particular concern is the increase in fathers' distress which is perhaps indicative of the broader challenges men face in fatherhood (see pages 12, 27 and 33).

At the same time, mothers are experiencing higher levels of job losses as part of the "pink recession"^[12] The consequences are far-reaching, with experts predicting a further decline in Australia's fertility rates suggesting that as parenting becomes more challenging, fewer Australians may choose to have children (either at all, or in greater numbers). These choices will have long-term negative impacts on Australia's economic growth and the sustainability of government finances.

Chart 1
Mental distress in Australia, mid-2020 vs. 2017, by gender and parent status^[13]



Gender inequities: A robust gender lens is needed in the evaluation of policies and practices affecting parents

Mothers: Patterns of gender inequity

Even outside of the context of the pandemic, mothers have paid a heavy price for having children. The “motherhood penalty” describes the economic disadvantage women face upon having a child. (See chart, “The parental gender pay gap”). COVID-19 has served to perpetuate these inequities including the wealth disparity between men and women in Australia.

In addition to pay levels, Australian mothers report challenges engaging in work, with many women facing significant motherhood-related workplace discrimination. International research found mothers are viewed as less competent and less committed than non-mothers, negatively and significantly influencing both hiring decisions and starting salaries, with researchers questioning whether “glass ceilings” may more specifically be “motherhood ceilings”^[14]

Fathers: Missing out on many parenting experiences

In analysing parenting supports, fatherhood is often overlooked. The absence of a comprehensive parental leave policy that actively supports and encourages fathers as carers and the prevalence of workplaces that don’t openly accommodate men as carers entrench and perpetuate gender stereotypes.

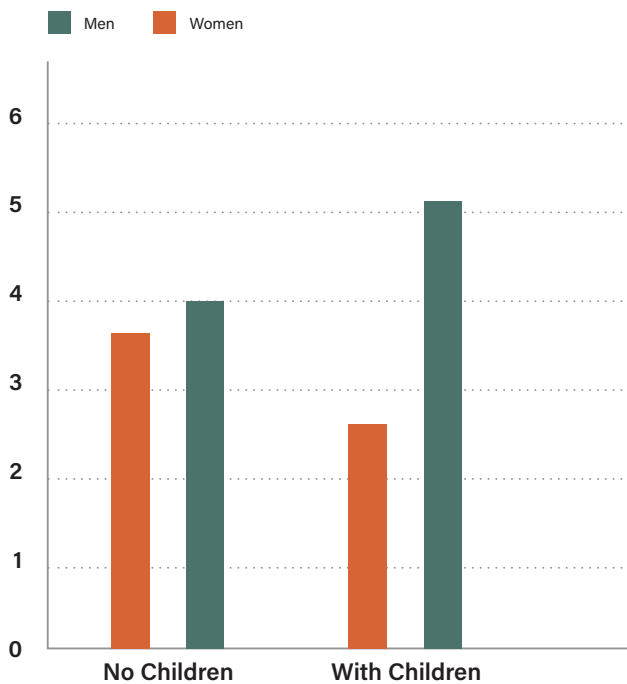
Parental leave policies which do not apply equally to mothers and fathers combined with gender stereotypes and the lack of workplace flexibility available to men means that fathers regularly experience exclusion and discrimination, negatively influencing their opportunities to engage in the parenting experience.

Australian research by Southern Cross and Griffith Universities found that new fathers were 36 per cent more likely to have a near-miss at work, and 26 per cent more likely to have a near-miss commuting accident due to fatigue.^[15] This is why parenting supports at work are increasingly also being considered in the context of Occupational Health & Safety and duty of care responsibilities.

Chart 2

The parental gender pay gap:

The earnings gap between men and women with children: mean expected lifetime income for those aged 25 in 2017, 2017 dollars (millions)^[16]



Parenting: A neglected policy area?

- Researchers identify a complexity and scarcity of data, and a lack of focus on parenting policies and supports. A further constraint is the perception that “parenting policy is a ‘luxury’ rather than a necessity.”^[17]
- UNICEF research notes that policies on parental support are “relatively under-researched, especially in a global setting,”^[18] as well as complex in terms of research gaps and the broad range of outcomes that can be considered.
- Identified gaps in the literature are approaches that address the needs of parents with a disability and parents from culturally and linguistically diverse communities. Single parents are also rarely studied.



“The extent of parental workplace discrimination (which occurs globally) has prompted media attention. There’s widespread evidence that bias against mothers is a systemic problem beyond a few bad bosses... So why aren’t more mothers speaking up more in public, #MeToo style, with messy rawness about the injustices they’ve experienced in the workplace?... If the dam of silence ever starts to break, I believe we’ll soon begin to hear a lot of mothers saying #MomsToo.”

Katherine Goldstein (2018), 'Anti-Mom Prejudice At Work,' The New York Times ^[19]



Parental leave

Benefits children, mothers,
fathers and the workplace

Australia's parental leave scheme provides the lowest level of support among OECD nations

For mothers in the OECD, Australia's statutory paid leave scheme is one of the shortest. Fathers take very little leave and spend far less time with their children relative to international peers.^[20]

Chart 3
Total paid leave available to mothers, in weeks^[21]

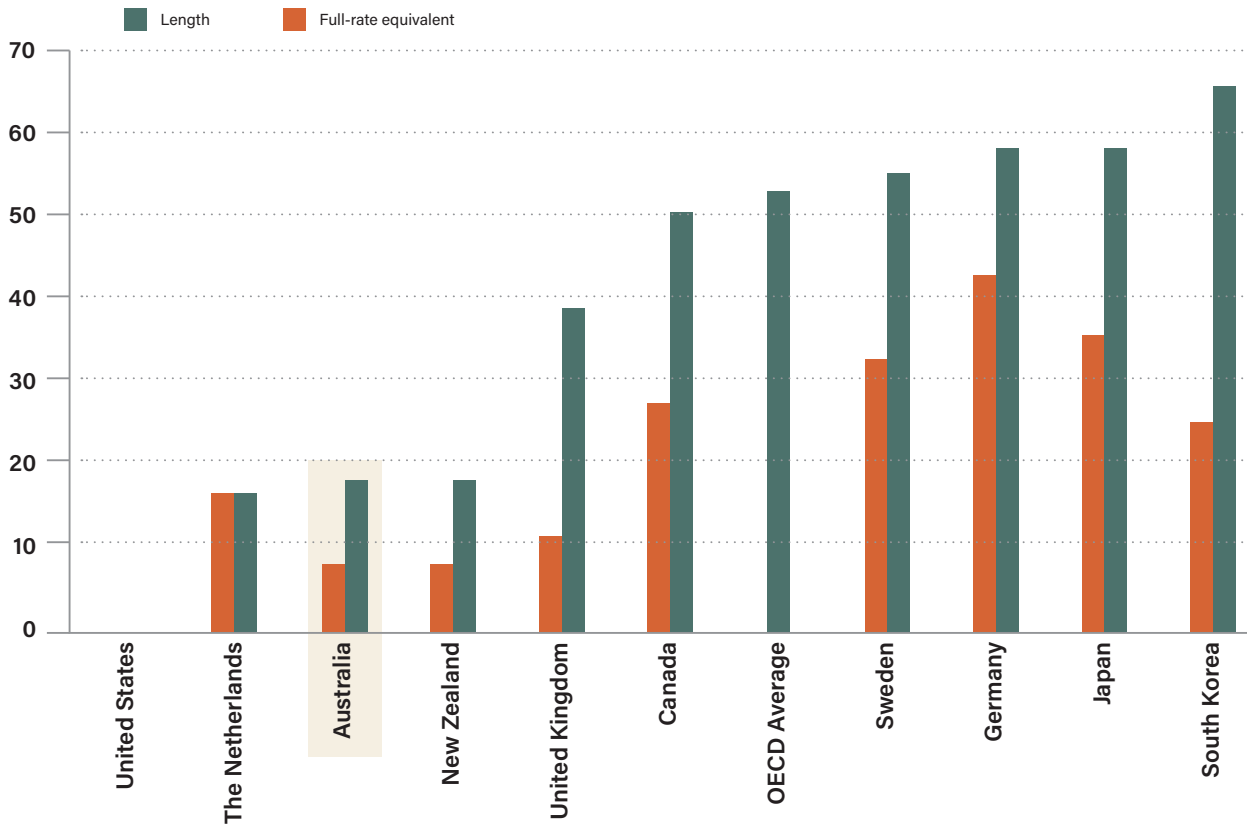
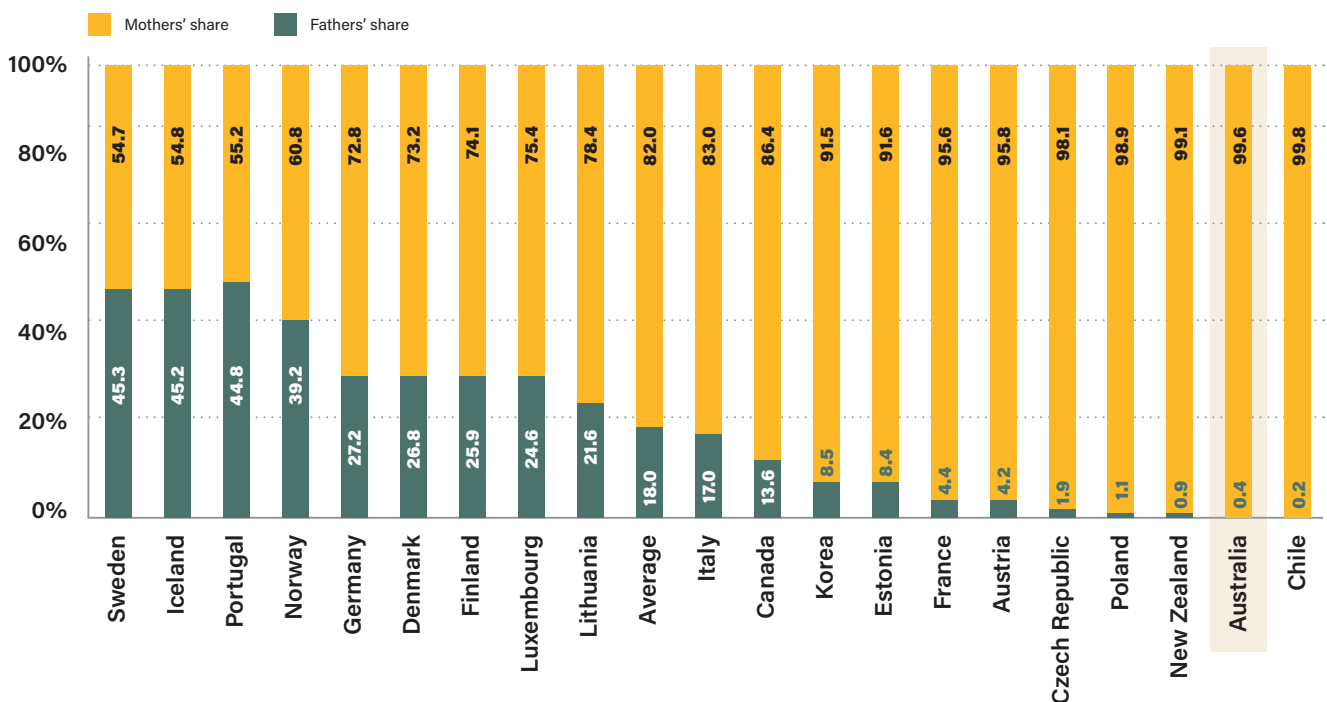


Chart 4
Gender distribution of recipients/users of publicly administered parental leave/benefits^[22]



With short and inadequate paid parental leave, Australians are missing out

Parental leave is a window of opportunity for Australian families, and establishes parenting patterns that persist

Australia offers Parental Leave Pay of up to 18 weeks and Dad and Partner Pay of up to 2 weeks at the minimum wage. Longer paid leave has been associated with:

- Benefits for mothers such as a lower employment gap between mothers and non-mothers, an increase in the proportion of household income earned by women and a more equitable division of housework, as well as long-term improved maternal mental health.^[23]
- Increased rates of breastfeeding until the baby is six months old.
- Enhanced workplace diversity with Norwegian research showing the low numbers of women in leadership positions in the private sector “can be linked to the uneven distribution of parental leave and care at home”^[24] indicating that parental leave take-up influences gender equality within management roles.

“From the time I was alone with the child, I felt I could give directions or new meaning, a little more personal orientations in education and relationship with my child. When you are second in line, you follow the pattern that has been already implemented by your spouse. She designed her routine, you follow this routine, and then when you are alone, you don’t need to do things in the same way, you’ll not go to the same park, you won’t do the same activities.”^[31]

Father, Quebec

When Australian men take <20 per cent of the paternity leave days of their global peers, families suffer

Paternity leave benefits include:

- Child development: Engaged fatherhood is linked to positive outcomes for children such as higher school achievement, better cognitive and social skills, higher self-esteem, fewer behavioural problems and increased stress tolerance. “Fathers’ positive involvement in the home has the potential to contribute to protecting children from violence, abuse, exploitation, and neglect, as well as to the realisation of their rights to safety, education, development, and participation.”^[25]
- Enhanced gender equality in caring roles: Early caring patterns persist. The likelihood that fathers will share care when their child is three years old is significantly higher if the father shared care in the first nine months after birth.^[26]
- Family relationships: Paternity leave take-up has been linked with improved parental relationships.^[27]
- Mothers see improvements in:
 - Finances, as well as a shift in the composition of caring responsibilities: In Quebec, the introduction of non-transferable paternity leave reserved for men led to mothers earning an additional \$5,000 per year and doing an hour extra of paid work per day.^[28] One study interviewing fathers in Quebec examined their experiences of the leave, with fathers finding the non-transferable leave to be important for “gender equality, considering the impact of leave on a career” and also “to create a connection with the child from an early age”^[29]
 - Health: A study in Norway found that paternity leave reduces mothers’ workplace sickness absence.^[30]



“I took paternity leave simultaneously with my wife and relished the time together as a family. I felt like an equal parent, rather than like I was ‘taking a back seat’. In our family, **there is no ‘primary parent’**. Subsequently, I became a full-time dad and this has been socially isolating at times. When I try to speak about my children with my male friends, they often steer discussions to careers or other interests.”

Father, Canada

“It was easy to take maternity leave in Norway. My public sector employer was very supportive and **worked to make the process as simple as possible.**”

Sara, Norway



“The younger, more progressive companies are **actively encouraging** new fathers to take leave.”

Father, Germany



Parental leave schemes around the world

A range of generous schemes are offered internationally, with many positive parenting experiences

- Sweden offers the longest period of paid parental leave in the Nordic region at 69 weeks. This leave can be used very flexibly, including to shorten working hours or to work fewer days each week.^[32] In Sweden, 45 per cent of those claiming publicly administered parental leave benefits are men, compared to less than 0.5 per cent for men in Australia.^[33]
- Norway offers non-transferable father-specific leave (known as the “Daddy quota”) which is lost if the father does not use the quota. In 2018, the country offered parents 49 weeks of leave, including 15 weeks exclusively to fathers and another 15 to mothers, with the remaining 16 weeks able to be shared.^[34]
- In Germany, the parental leave system is very generous. The 2015 parental leave reform has made it easier for parents to combine part-time work and taking parental leave and provides financial incentives to encourage both partners in a family to do 25-30 hours/week of paid work for at least four months. The German approach of providing parents a bonus of two month’s paid parental leave if the father uses his entitlement significantly increased the proportion of men taking paternity leave.^[35]
- France has recently announced an increase to 28 days of paternity leave, after 80 per cent of the French population agreed the previous 14 days was too short.
- In China, a number of provinces have granted 30 days of paternity leave, including Gansu, Tibet, Henan and Yunnan, with the rationale in part being to promote respect and equality of the sexes. In Tibet, one year of maternity leave is offered.^[36]

RECOMMENDATION

A parental leave scheme that provides one year of paid leave to be equally shared between both parents.

A scheme that provides 12 months of PPL, equally shared between both parents would maximise the following health, economic and social benefits:

- Support parents to care for a child at home for the first 12 months of life.
- Give both parents an opportunity to develop skills in caring for and forming attachments with their children.
- Ensure mothers are able to maintain a connection to the workforce.
- Provide opportunities for breastfeeding in the first 6 months of a child’s life where possible.

While this would not mean Australian families had access to the longest period of paid parental leave in the world, it would support all parents to care for infants and gain skills in caring at a critical stage of child development.^[37] This will improve child outcomes^[38] and help change cultural norms around caregiving that drive inequality in economic outcomes between men and women.

Supporting parents in early challenges

While the benefits of breastfeeding for maternal and child health are large and enduring, it is important to acknowledge that it can adversely impact maternal mental health.

“I tried almost everything – shields, lactation cookies, medication, pumping, lactation smoothies, and the list goes on. At one point I was pumping for 6 hours during the night and living on 1-2 hours of sleep. I became irrational, highly irritable, and extremely anxious. It was around this time my obstetrician flagged me for postnatal anxiety and I was referred to Gidget Foundation Australia.”

*Sophie’s Story – Gidget Foundation
gidgetfoundation.org.au*

A large body of research shows that children benefit from at home care in the first twelve months of life, with the individual attention and attachments to caregivers critical to their early development.^[39] In particular, active fathering has been found to enhance child development.^[40]

Within households, decisions about who cares and who works are driven by a number of factors, but dynamic models illustrate early acquisition of caring skills impacts future decision making around these roles within a household.^[41] Breaking this distorting impact of early support for mothers' care of young children is therefore critical to helping families make the best possible decisions around who cares and who engages in paid work, optimising the productivity (and welfare) of each household.

Extended time out of the workforce reduces future earnings as individuals lose human capital which reduces their long-term productivity. Studies have found the impacts of these losses accelerate with extended time out of the labour force.^[42] With existing analysis of parental leave take-up being limited, it will be important to monitor parental leave take-up to see how the scheme is accessed by different families (such as Aboriginal and Torres Strait Islander families, Culturally and Linguistically Diverse (CALD) families, single parents and others).

Financial implications

Providing families up to 12 months PPL, at full pay and to be equally shared, will lead to:

- A GDP increase of \$116 billion or 2.9 per cent by 2050 from higher female participation and productivity due to less time out of the labour market.
- An increase in breastfeeding rates by 4.6 per cent and associated long term increase in labour productivity.

This scheme will cost an additional \$7.6 billion per year in 2021, increasing to \$10.2 billion per year in 2050.





Early childhood education and care (ECEC)

Benefits children, families and mothers' workforce participation

Australian children's ECEC participation is low

ECEC in Australia is far from universal with enrolment rates lagging those of global peers

In analysing ECEC, researchers focus on participation levels to be able to evaluate the extent to which children (and families) benefit. Relative to other advanced economies (and to the OECD average), Australian children are less likely to participate in ECEC in the crucial years of ages 3 and 4.

Chart 5
Participation rate in any formal ECEC, per cent^[43]



Pockets of disadvantage – participation of children from disadvantaged backgrounds

ECEC attendance of children from disadvantaged backgrounds has historically been low in Australia, even though children experiencing vulnerability benefit the most from high-quality ECEC. Even before the introduction of the Childcare Subsidy and associated activity test in 2018, take-up of formal care by children under four years of age from the lowest income quintile was only 31 per cent relative to 55 per cent for those from the highest income quintile.^[44] Children in lower socioeconomic status areas, regional and remote communities often miss out due to gaps in service provision and quality.

Although the gap is closing^[45], Aboriginal and Torres Strait Islander children are still less likely to attend ECEC than non-Indigenous children.

COVID-19 temporary measures highlighted the links between inaccessible ECEC and social disadvantage. With the window of free ECEC during this period, some Australian early childhood services reported:

- An increase in Aboriginal and Torres Strait Islander families enrolling their child into an ECEC service for the first time; and
- Children experiencing vulnerability attending for more hours.^[46]

High and growing costs represent a significant barrier to ECEC participation

Relative to global peers, Australian parents are footing a significant proportion of the ECEC bill^[47]

These costs negatively influence workforce participation

Reflections of the Productivity Commission

"Nationally in 2019, 270,200 people aged 15 years and over reported that they were not in the labour force due to caring for children.

Of these people, 38 per cent reported not being in the labour force for a childcare service-related reason...

The most common childcare service-related reason provided for not being in the labour force was the cost of childcare (28 per cent)."^[48]

16% OF AVERAGE FAMILY INCOME

Full time net childcare costs in Australia

vs.

10% OF AVERAGE FAMILY INCOME

Full time net childcare costs in OECD economies

High-quality ECEC yields significant benefits for children

High-quality early childhood development interventions play a key role in supporting children's immediate and long term development.

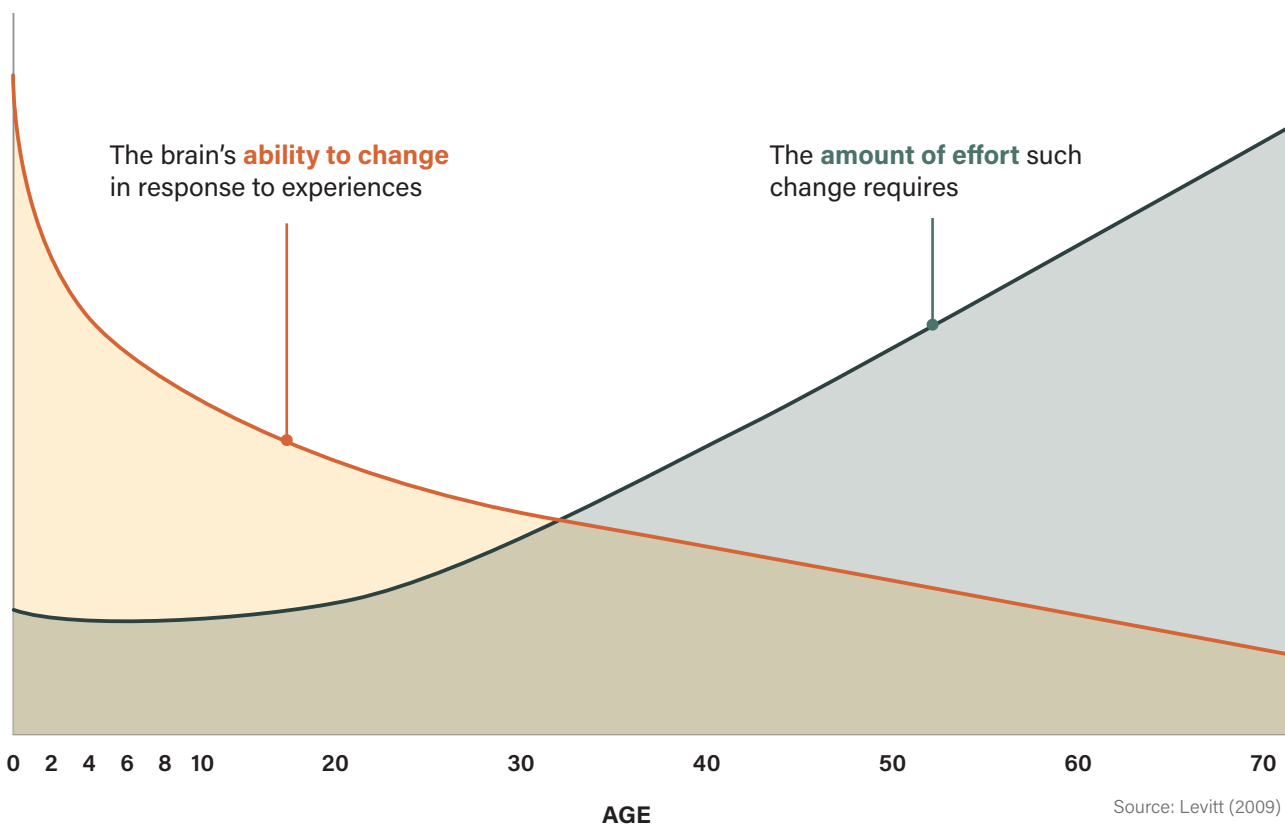
Early experiences provide a strong foundation for future learning and health, and neuroscience research is "rapidly advancing our understanding of the biological processes and environmental characteristics that shape development during this time, and the significance of this period for future health, wellbeing, learning and development outcomes"^[49] such that early experiences provide a strong foundation for future learning and health. Behavioural sciences indicate "early childhood programs promote wellbeing, prevent disease and contribute to cognitive and emotional development"^[50]

ECEC has been found to be associated with a significant increase in academic achievement scores at age 15, for children who experienced the highest levels of quality education and care.^[51]

- This was especially the case for children from disadvantaged socio-economic backgrounds, demonstrating that a "focus on early years investment is crucial in fostering development opportunities for future generations"^[52]
- ECEC for developmentally vulnerable children is particularly important as "18.5 per cent of children from Australia's lowest socioeconomic quintile enter school developmentally vulnerable on two or more domains, almost three times the rate for children in the highest socioeconomic quintile (6.5 per cent)"^[53]

Chart 6

The case for early investment in children: early investment is less costly^[54]



High-quality ECEC yields significant benefits for parents and workplaces

Wide-ranging research indicates that high-quality ECEC:

- Supports mothers participating in the workplace;
- Reduces the gender pay gap;
- Removes barriers to leadership positions; and
- Can act as a “hub”, connecting parents to one another and wider resources within the community.

ECEC accessibility has been prioritised as the most effective way to remove barriers to female employment.^[56] As such, universal access to quality ECEC has been estimated to have a significant impact on workforce disincentive rates.^[56]

Significant implications follow for women in leadership positions. In a survey of 700 senior managers across ten countries in Asia-Pacific (including Australia), 30 per cent of respondents cited lack of pro-family support such as high-quality and affordable ECEC as a key barrier to increasing gender diversity within the top management of their organisations.^[57]

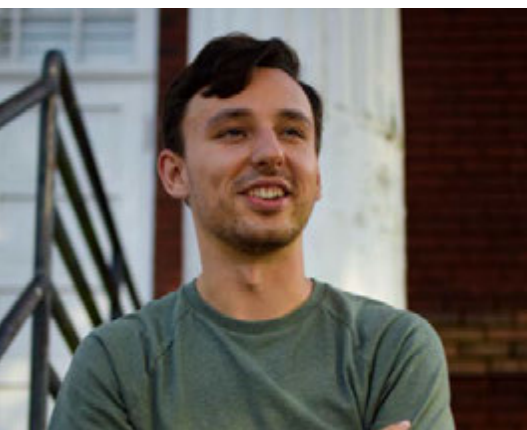
Research finds that access to ECEC increases parents' earnings and also benefits employers by increasing children's productivity in the future.^[58]

High quality early childhood education requires investment in the workforce, in terms of pay, training and conditions. In particular, for Aboriginal and Torres Strait Islander and CALD families, it is especially important for parents to have confidence that early childhood environments are culturally appropriate and well connected to the community. Trauma-informed educator training is also a crucial component of supporting children's safety while in early learning. Steps need to be in place to address existing high levels of turnover within the sector.

Implications for mothers of children with disabilities

For mothers of children with disabilities who would like to work more^[59]:

- 43 per cent shared that their reason for working less was lack of access to adequate ECEC.
- Paid work was associated with significantly better maternal health-related quality of life (including mental health) indicating the link between inaccessible ECEC and health of mothers of children with disabilities.



“Childcare is free. The city has a multitude of playgrounds and purpose-built facilities for free.”

Father, Germany



“ECEC centres can provide an opportunity for parents from diverse backgrounds to connect, discussing ‘broader topics as migration, education, employment’.”

Researcher, Belgium



“The cost of living in Norway is very high... until you have children. Childcare is very affordable and of a high quality.”

Mother, Norway

Source: Case study participants and research in Belgium^[62]

Early childhood education around the world

The Nordic countries are at the “forefront of change”^[60]

- In Sweden and Norway, every child receives subsidised ECEC regardless of family income, enabling both parents to engage in paid work.
 - It represents an important development for families living in regional or remote areas, with the business focused on providing ECEC in so-called “childcare deserts,” where there are insufficient licenced centres to meet demand.
 - Depending on accessibility of the in-home environment, this may also provide broader options for children with disabilities.
- In the United Kingdom, a number of co-working spaces offer onsite child care, enabling working parents to spend more time with their children. The ECEC model is very similar to Australia’s, while also being underpinned by universal access for three- and four-year-olds.^[61]
- In the Canadian province of Quebec, the ECEC system is very heavily subsidised. The family policy has been in place for more than two decades, launched under the banner “children at the heart of our choices.” With ECEC delivered in a range of settings (public and private), the quality of services varies.

Early childhood education and care (ECEC) policies

Free ECEC

Providing free and high-quality ECEC to all Australian children would represent international best practice. The total cost of such a system is estimated at close to \$20 billion per year,



RECOMMENDATION

but its benefits in terms of child development outcomes and increased participation of parents in paid work would deliver a sustainable source of economic growth into the future.

A new system that focuses on high-quality and universal access would deliver benefits in the form of:

- Increasing the number of children attending early learning;
- Allowing parents to increase the number of paid hours of work; and
- Reducing the financial pressure on families with young children.

Attendance at high-quality three- and four-year-old early learning programs is linked to improved educational outcomes and higher lifetime earnings, as these early investments deliver improved cognitive outcomes for children.^[63] Children from disadvantaged backgrounds benefit even more from early childhood education.^[64] Studies have shown that the labour force participation is increased with greater availability of free and high-quality ECEC. The Parliamentary Budget Office (PBO) estimates that a one per cent reduction in ECEC costs increases hours worked by 0.25 per cent.^[65]

While not modelled, there are also likely positive impacts to do with reducing the financial pressure of families with young children.^[66] Greater levels of financial pressure are associated with increased rates of mental distress^[67], and greater levels of mental distress in parents are associated with increased behavioural issues in children.^[68]

ECEC settings need to work for different families. Barriers to Aboriginal and Torres Strait Islander children’s participation in early childhood education include: out of pocket costs, a limited awareness of services, administrative complexity, lack of transport or locally available services, poor child health, a perception that the child is too young to participate, a lack of confidence in the value of early education services or fear of racism and judgment.^[69]

Financial implications

The provision of free high-quality ECEC will lift future productivity of children and participation of women in the labour market:

- Future lift in productivity could add up to \$2.15 billion to GDP by 2050.
- Lift in female participation could lift GDP by up to \$47.2 billion or 1.2 per cent by 2050.

This scheme will cost approximately an extra \$9.6 billion per year in 2021, rising to \$13.2 billion per year in 2050.



Parental health

Benefits children, mothers,
fathers and communities

Parental health and wellbeing is a significant challenge, heightening in the pandemic with unprecedented levels of distress

Diagnosed mental health conditions are prevalent and rising due to the 2020 public health crisis

Mothers^[70]

- 20 per cent of mothers experience depression and anxiety in the perinatal period (being pregnancy and the first year of parenthood), which is linked with adverse outcomes for children.

Fathers^[71]

- 10 per cent experience depression and/or anxiety in the perinatal period.
- 20 per cent report feeling totally isolated in the first year of parenthood.
- 38 per cent worry about their mental health.

There is a scarcity of data on the experience of Aboriginal and Torres Strait Islander parents but for the general population:^[72]

- 2.6 times more likely to experience higher levels of psychological distress .
- Almost twice as likely to die by suicide.

A large body of evidence demonstrates the link between parental stress or mental illness and negative outcomes for families and workplaces

Parents

Inequities exist in that those suffering antenatal stress are more likely to be single parents, or parents with lower economic status and education.^[73] Further^[74]:

- Additional risk factors are experienced by Aboriginal and Torres Strait Islander, CALD and lesbian, gay, bisexual, trans, intersex and queer (LGBTIQ+) communities.
- 45 per cent of fathers are not aware that men can experience post-natal depression.
- In part due to stigma, 75 per cent of parents suffering from anxiety and depression are not getting help until crisis point.^[75] Suicide is sadly the leading cause of maternal death in Australia and many other developed countries.^[76]

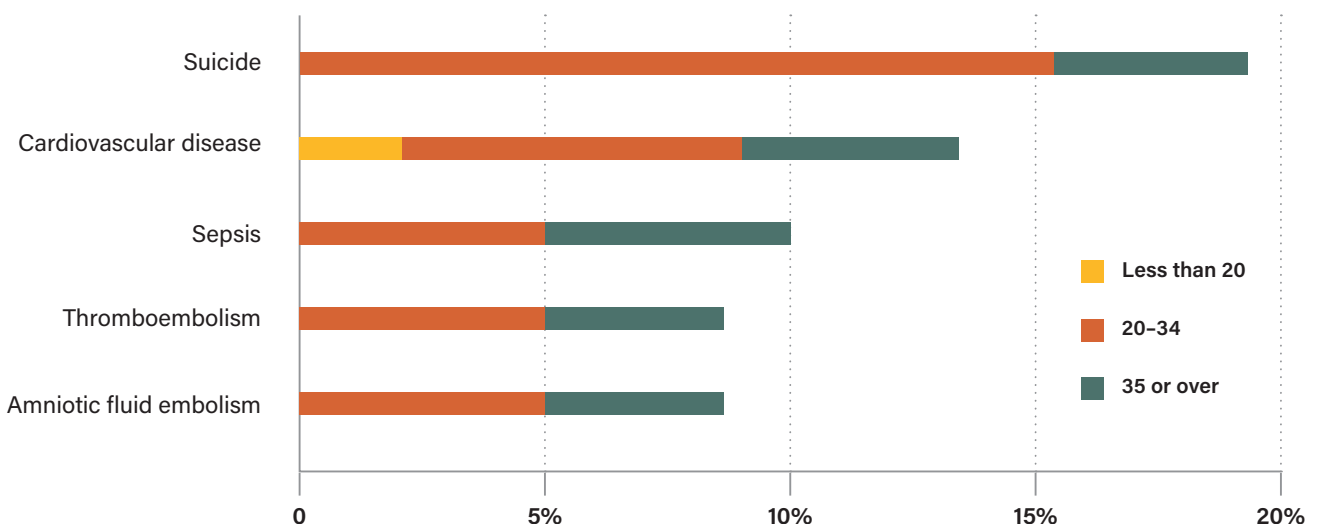
Children

The perinatal wellbeing of mothers has been linked to improved cognitive outcomes for children, with antenatal stress and/or anxiety being associated with:

- Increased rates of low birth weight.^[77] This has been linked to heart disease and hypertension.^[78]
- Negative and significant impacts to IQ and child health at age seven.^[79] Cognitive skills in childhood affect adult outcomes in many domains,^[80] such as education, labour market outcomes and health.

Chart 7

Top five causes of maternal death in Australia, by age^[77]



Workplaces

Parental mental health impacts workplace participation and parents suffering from perinatal mental illness have reduced workplace productivity. One report^[81] found that economic costs of \$643 million per annum are attributable to productivity losses associated with parents':

- Workforce exit;
- Absenteeism;
- Presenteeism; and
- Carer requirements.

Pandemic-related frustrations: COVID-19 related parental stress and simultaneous remote learning and working have significantly impacted mothers' workplace participation. Evidence shows that "during times of employment uncertainty, heterosexual couples fall back into traditional gender roles."^[82]



Parental health practices and research around the world: examples of positive developments and “best in class” approaches



An Irish study demonstrated the connection between social supports (such as extended family) and improved health, finding that mothers who live with the child’s grandparents are only half as likely to experience depression as those who do not.^[83]



Many women participate in zuo yue, more commonly known as “doing the month” where extended family support the mother during a period of sustained rest, supporting with housework and foods believed to be healing. Studies of these practices note a focus on patient-centred care for women. In the context of traditional postpartum rituals and practices around the world, the increased support provided to the new mother “temporarily changes her role from that of a caregiver to that of being one who is cared for”. The practice “contrasts with the focus on infant care in the postpartum period in modern Western medicine”. These protracted social support rituals that take place in a range of countries around the world can “inform the provision of culturally competent perinatal services.”^[84]



The Maternity Transformation Programme emphasises the importance of personalised care. Improvements are being made in terms of the data that is collected to provide an evidence base for future maternal healthcare. Women’s experiences were studied in an NHS survey; this type of information is invaluable, with researchers, “keenly aware of the needs of perinatal healthcare, to know, for example, what is important to women, what matters to them about their experience of maternity care along the whole pathway and what the key aspects are that should be measured. [They] were also aware of the practicalities of how the necessary data may be collected and reported to inform and improve the quality of care being provided locally and nationally.”^[85]



In the Netherlands, postnatal maternity care is known as Kraamzorg. Families receive in-home care carried out by a highly trained (and heavily subsidised) maternity nurse for over a week after the birth of their child.^[86] The maternity aide is designed to “guide and assist, not dominate or interfere” and flexibility is key, with days able to be changed depending on needs, and services including light household work to assist rest for the mother, teaching newborn care and breastfeeding.^[87]



Some tech companies offer counsellors for returning mothers and returning fathers. To support parental health, a number of foundations have been recently founded, with longstanding organisations also playing an important role. Headquartered in Portland, Oregon, Postpartum Support International (PSI) aims to build awareness of perinatal mental health, providing current resources and education, and advocating for further research and legislative changes.^[88] One philanthropically funded program^[89] operates in a beautifully outfitted 7,300-square-foot facility, housing rooms for group therapy aimed at strengthening the bond between mother and baby, and increasing maternal self-confidence. The centre provides new mothers with classes focused on cooking, infant massage, baby wearing, yoga, meditation, and art therapy.

Parental and child health in the early years

Australia has the opportunity to strengthen mental health care and wellbeing during pregnancy and beyond

Gold standard care for all Australian mothers requires universal access to mental health support through ongoing access to universal screening, telehealth, group prenatal care and care continuity during pregnancy.

These additional investments would deliver long-term dividends through:

- Improved maternal mental and physical health;
- Reduced rates of low birthweight babies;
- Lower rates of stillbirth.

Suicide is one of the leading causes of death for new mothers in Australia^[90], and evidence indicates that telehealth support is a cost-effective intervention in improving mental health outcomes and reducing mental distress.^[91] Telehealth provides the additional benefit of enabling parents with more rare mental health challenges (such as schizophrenia) with access to leading experts, even if physically located in remote areas or interstate. Telehealth also benefits children, with established links between mental distress through pregnancy and child outcomes.^[92]

Group prenatal care reduces the risk of low birthweight by up to 68 per cent compared to individual prenatal care.^[93] This delivers economic benefits as low birthweight remains associated with lower educational attainment and lifetime earnings in children.^[94]

While debate is ongoing on the best form of continuity of care during pregnancy, there is overwhelming evidence that it reduces pre-term birth and foetal loss across a variety of settings.^[95] Ensuring that all mothers, particularly those in the public health system access continuity of care either through an obstetrician, GP or midwife should be a priority of all levels of government that have committed to lowering the rates of stillbirth in Australia.

Care needs to work for different family cohorts, including Aboriginal and Torres Strait Islander mothers and extended family. In particular, there is a need for more training for ATSI health workers and midwives.

Financial implications

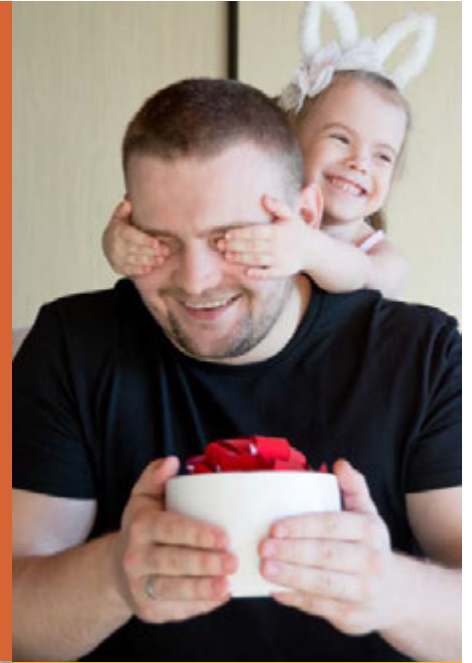
The costs of perinatal mental health challenges are significant, having been estimated at \$877m per annum.^[96]

The provision of group prenatal care could reduce the number of Australian babies of low birthweight and could lead to an increase in education performance and long-term earnings for these children. This could lift future earnings by 2.5 per cent. The cost of such a scheme would be \$150 million per year.





The provision of group prenatal care could reduce the number of Australian babies of low birthweight by 4.6 percentage points



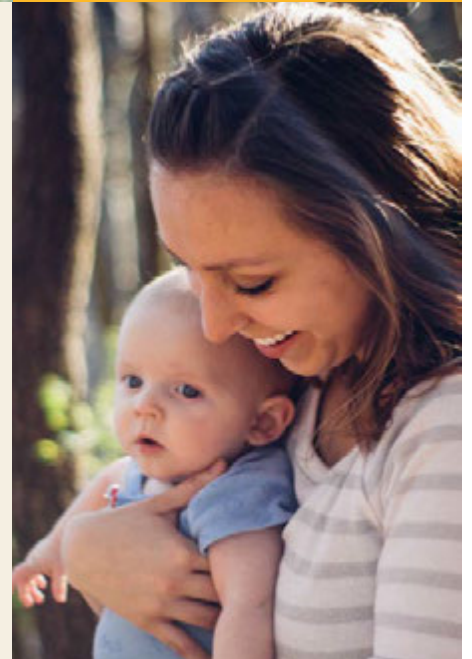
Reducing the incidence of low birthweight could lead to an increase in academic achievement and long-term earnings for these children.



For impacted babies, Equity Economics estimates this could lift future earnings by 2.5 per cent.



The cost of such a scheme would be \$150 million per year on the basis of 5 to 10 group sessions per mother.





Workplace practices

Benefit both families
and organisations

Workplace practices: What are the barriers facing parents?

Mothers

- Research on the “Motherhood Penalty”^[97] indicates a number of challenges affecting mothers at work:
 - Employment: Lower numbers of mothers with young children (0-5 years) in employment compared to women without children of the same age (45.8 per cent vs. 53.2 per cent in a study of 51 countries).
 - Wages: Lower wages for mothers which can persist across the lifetime (compared to fatherhood which leads to a wage premium).
 - Leadership: Women with young children (0-5 years) experience the lowest levels of participation rates in managerial and leadership positions (25.1 per cent) compared to their male counterparts (74.9 per cent).
- One in two mothers report experiencing discrimination in the workplace^[98] with women sometimes reluctant to take advantage of flexible working for fear of impacts on their careers, including promotion prospects.^[99]
- Cultural norms constitute a barrier with more than one in five Australians agreeing with the statement “When a mother works for pay, the children suffer.”^[100]

Fathers

- Fathers face unique challenges, with a 2019 Australian survey of 6,000 parents finding that 64 per cent of respondents agreed that “it is more acceptable for women to use family friendly work options than men.”^[101] International Labour Organisation (ILO) findings also show that men who take time off work to care for their children face discrimination in terms of lower hourly pay or demotions.^[102] Yet the workplace has the potential to provide an important support for men, who generally have fewer parenting “touchpoints” (e.g. care provider visits) than mothers.

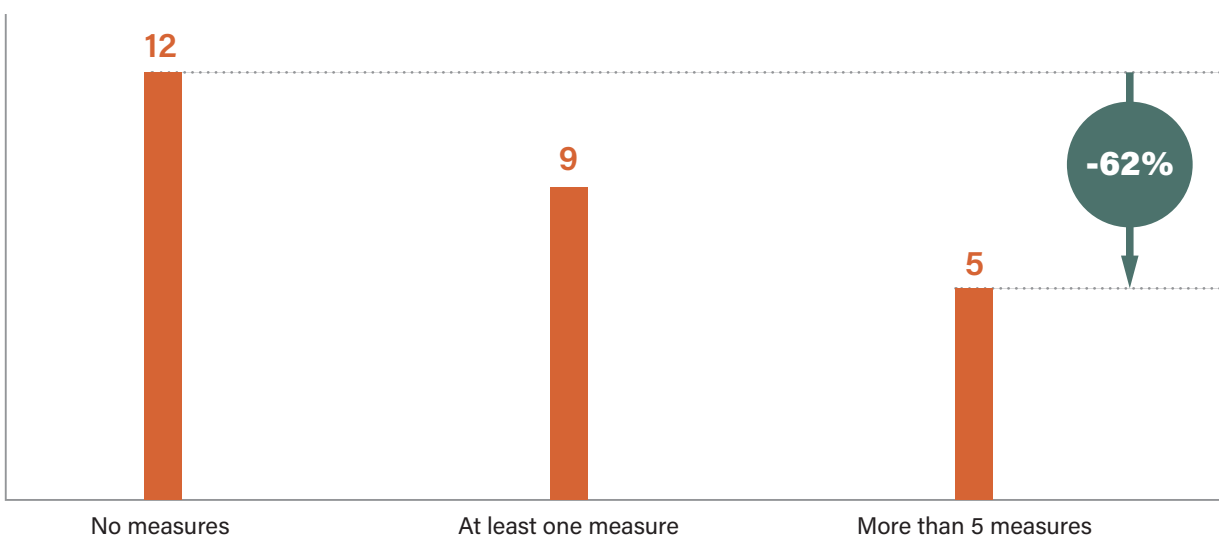
Company bottom lines suffer in the absence of adequate family friendly workplace practices



Chart 8

A lack of investment in workplace practices and family support is linked to higher resignation rates
 Greater numbers of workplace family supports are associated with reduced maternal resignation rates^[103]

Women managers resigning on parental leave for companies with different numbers of informal measures, Per cent





Experience in California

With workplace-provided parental leave, Charlie was able to develop the skills and connection needed to nurture their children. For Katie, Charlie's paternity leave made her journey into motherhood much smoother.

Family of four, US-based tech company providing paternity leave

How can organisations respond to these challenges?

Flexibility

Flexibility brings a range of benefits, including raising female participation in quality jobs, lifting female leadership representation and shifting attitudes on gender roles.^[104] In countries with more expansive flexible work policies or practices, mothers "occupy more satisfying jobs" and workplace flexibility is associated with reduced staff turnover, increased productivity and improved employee health and wellbeing.^[105] The extent to which the workplace offers flexibility is a critical factor in mothers' decisions about whether to return to work.^[106] 90% of young Australian women say flexibility is important to future work success.^[107]

Parental leave

As detailed in the previous section on "Parental leave" (page 14), non-transferable leave enables significant benefits and workplaces can play an important role here. Creating a workplace environment that removes the stigma of taking leave is crucial, as OECD research finds that paternity leave utilisation is reduced for those fathers who experience workplace stigma when asking for leave.^[108] Norwegian research indicates that men are more than 10 per cent more likely to take leave if one of their co-workers has taken leave.^[109]

Suite of other practices

We know it takes a village to raise a child. Arguably, it also takes a village to change the many cultural norms that negatively influence parents, including discrimination and stigma. Concerningly, most young women do not believe they are treated equally at work and only half think gender equality will improve in the future.^[110]

Ensuring non-discrimination for both men and women is essential. A survey of 35 countries found that one of the best ways to increase men's unpaid care work at home was to "ensure that men are not discriminated against if they take leave to care for dependents."^[111]

Breastfeeding provisions at work have been found to reduce absenteeism and improve productivity, providing a significant return on investment to employers.^[112]

Workplace practices: areas for exploration

1. Enhance workplace flexibility for both parents, which may include allowing for part-time or unconventional hours; location flexibility leveraging technology; reduced travel; or reduced workload. Support universal access to paid carers' leave for sick children, including for casual, contract and gig economy workers who currently miss out.

- Employers can "design flexible jobs and flexible careers; promote flexible work and embed flexibility into the organisation's culture" by establishing a results-focused culture; giving employees greater control over their schedules; creating jobshare registers; and purchasing IT equipment to enable remote work.^[113]

Lessons from the Nordic countries: The role of enhanced workplace practices in driving growth

In Australia, women's labour force participation sits at 59.9 per cent.^[114] This compares to 73.5 per cent in the Nordic countries. Academics indicate these countries' workplace practices play a key role in these significant successes in relation to women's labour force participation (and associated growth in GDP). Specifically, they argue these figures can be linked to a "well-functioning" system of stakeholders focused on gender equality, with the private sector playing a crucial role in backing up the government's targeted policies.^[115]

2. Avoid unequal parental leave provisions and rather offer policies that reflect a gender balance.

- This has the potential for economic benefits and avoids making hiring women (relative to men) more expensive and further entrenching disparities in unpaid care work.
- As the World Bank notes, "Besides introducing differential hiring costs by gender, the provision of maternity leave policies without similar paternity leave policies will likely reinforce gender differences in child-rearing responsibilities, because the asymmetries in the ability to take time off from work reinforces gender divisions of time."^[116]
- Additional leave is needed in the context of parents experiencing pregnancy loss or fertility challenges.

3. Ensure workplace culture enshrines non-discrimination and supports take up of paternity leave to: increase female labour force participation; support the imbalance in unpaid work; and boost economic growth.

- Paternity leave take-up helps to facilitate the transformation of gender norms and attitudes about roles (at home and at work) to progress gender equality.^[117]
- Examples of workplace discrimination in Australia^[118] include:
 - "From that moment [when I announced my pregnancy] I was uninvited to meetings, my opinion was disregarded, I was stonewalled by my boss on any decisions."
 - "I've been off now for eight months and not one phone call, nothing. I've since heard from other staff members that my job has been made redundant, but no one's told me - no one from management has told me."
 - "So I went back to my employer and [said], I want to take paternity leave. And he laughed! That's for the mum!... They don't want to make it easy for male employees to access it because it costs them money."

4. Implement workforce mental health and wellbeing strategies addressing stresses and fears facing parents.

- Perinatal mental illness reduces the likelihood of women returning to work following birth, with the workforce exit cost in Australia totalling \$175m.^[119]
- Parents suffering from perinatal mental illness have reduced workplace productivity, with research indicating that the economic costs of \$643m are attributable to productivity losses associated with increased workforce exit, absenteeism, presenteeism and carer requirements.^[120]
- In the US, 42 per cent of parents have been afraid to take advantage of employer benefits during the pandemic, because they "fear it will be a risk to their job security."^[121]



Experience in the United Kingdom

Rene gave birth to her son, Harris, in December 2012. At the time she was living and working in London. Rene had been working for 7 years for a local government council when she became pregnant with Harris. Her employer's maternity leave policy allowed her to have up to 4 months leave on full pay, followed by 3 months on 75% of her usual salary and then an additional 2-3 months on 50% of her usual salary.

Rene had also accrued annual leave before and during maternity leave, so was able to take 10 months of leave in total. The policy was supportive of Rene's needs, and allowed her to have regular check-ins during her maternity leave to remain engaged with her colleagues, and to work from home for her first year back at work.

Workplace practices around the world: examples of positive developments and "best in class" approaches

Globally, employers differ greatly in terms of family friendly policies:

- **Finland:** Futurice offers best in class workplace flexibility and family-friendly staff policies, including paying for babysitters when employees' children are unwell, and welcoming children at work during school holidays.^[122]
- **Sweden:** Spotify encourages returning parents to take one month of flexitime which allows parents to work from home.^[123]
- **New Zealand:** Financial firm Perpetual Guardian trialled a four-day working week on the condition that employees continued to meet performance targets. Productivity increased by 20%. The company has now made the four-day week a permanent option for all full-time employees.^[124]

- **US:** Some US-based tech companies offer counsellors for returning mothers and fathers, although often only for senior executives.
- **Australia:** Bunnings, Probuild, Target and Multiplex are participating in a pilot program (funded by WorkSafe) to focus on the mental health and wellbeing of new and expectant parents within their workforce.^[125] Seek offers parental coaches to employees, a meaningful intervention that supports building an internal pipeline of leaders.

RECOMMENDATIONS

Workplace practices

Making Australia the best place in the world to be a parent requires strengthening basic workplace relations entitlements and driving cultural change in individual workplaces. While employees covered by national employment standards have access to paid carers' leave and the right to request flexible work, over 25 per cent of employees have no such access in Australia.^[126]

Supporting parents to fully participate in the workplace while also caring for children has broad economic and health benefits:

- Improved health outcomes for children;
- Reduced parental stress; and
- Higher participation and productivity.

Holistic approaches are needed, encompassing the whole parenting lifecycle, from intending parents through to parents of older children. Extending access to paid carers' leave to casuals and gig-economy workers would ensure all Australian parents are able to take time off to care for sick children, a key pillar of policies to promote child health and wellbeing.^[127]

Workplace policies that support perinatal mental health such as counsellors for parents have been shown to be effective at reducing mental distress and improving participation and productivity of working parents. "Keeping in touch" days are also important. Flexible workplace practices including allowing parents to work from home and four-day weeks increase retention and productivity and can also act to reduce parental stress.^[128] Indeed, workplace flexibility for fathers reduces mothers' risk of postpartum health challenges.^[129]

Reduced parental stress has been shown to be linked to improved child mental health and development.^[130] Further, workplace practices and policies that reduce the harmful affects of discrimination are crucial (see infographic, "Perinatal discrimination"^[131])

While we do not model directly the benefits from these policies, we know that in order to realise all the benefits outlined from improved maternal health, parental leave and ECEC, a cultural shift will need to occur in workplaces.

Perinatal discrimination

Pregnancy has overtaken disability as the top discrimination complaint in Australian workplaces.



1 in 2 mothers



1 in 4 fathers

Report that they have experienced **discrimination** in the **workplace** at this life stage

84% of mothers who experienced discrimination

Reported significant negative impacts related to mental and physical health, career and job opportunities and financial stability.

32%
Resigned



NORWAY

An affordable haven for parents and children

Sara and Andrew have two children. Sara grew up in Norway and has remained there for much of her life, whilst Andrew was born in the UK.

The difference between the parental policies in the UK and Norway is stark, and both Sara and Andrew are grateful to have spent the majority of their children's lives in Norway.

Sara is a doctor and has a permanent position at a local hospital in Oslo. Sara and Andrew were entitled to take 12 months of parental leave on 80% of their usual salary, or 10 months on 100% of their usual salary. With their first child, Sara and Andrew made the decision that Sara would take the 10 months of paid leave, and Andrew would take 8 months of unpaid leave.

With their second child, Sara and Andrew split the 12 months evenly, at 80% of their usual salary. Norway allows flexibility in when the leave is taken, so parents can take it any time in the first three years.

Reflecting on their experience, Sara said it was easy to take parental leave in Norway. Her public sector employer was very supportive and worked to make the process as simple as possible. Andrew works in the finance industry, where it was harder to take leave for cultural reasons. There are still comparatively fewer women working in the finance sector in Norway, and parental leave policies have not yet been fully embedded into company culture. Andrew said the issue is not a lack of policies, as the policies exist, but rather that not enough fathers take parental leave and therefore it remains somewhat uncommon.

In saying this, Andrew took leave and faced no objections from his employers. Job security is a given in Norway – there is no doubt a parent's job will remain when returning from leave. The Government of Norway is addressing the lower amount of parental leave being taken by fathers by creating new incentives. Recent policy changes have sought to increase the proportion of total leave taken by fathers, rather than increasing the total amount of leave overall. This has resulted in some criticism, particularly from mothers who wanted the total amount of leave to be increased overall, so that fathers could take additional leave without reducing the amount of leave for mothers. In part, the policy change sought to address the gender pay gap that still exists in Norway, which is sometimes blamed for the imbalance in parental leave usage between men and women.

Sara and Andrew say that the cost of living in Norway is very high... until you have children. Then, everything becomes much cheaper, through access to a range of subsidies. ECEC is very affordable and of a high quality, as is public healthcare. Prenatal and postnatal care is at no cost to the patient, and healthcare for children is free up until age 18. Norway's egalitarian culture, where school grades are either a pass or fail, is reflected in the equal access to high-quality healthcare and ECEC. People who aren't parents in Norway sometimes feel that parents have access to too much support. On reflection, Sara and Andrew say they get their "money's worth" from their taxes.



SINGAPORE

Can parental policies address an ageing population?

Lucian is a father of three children. His oldest is 15 and his youngest is 7, so Lucian has the gift of hindsight when reflecting on his experience of becoming a parent.

After the birth of their first child, Lucian, who was then self-employed then, stopped accepting new clients in order to spend more time looking after his child. His wife returned to work after her three-month maternity leave was used up. At that time, in 2005, the Government of Singapore allowed only 2 days of paid paternity leave to fathers but being self-employed, Lucien was able to allocate his own time accordingly. Lucian recalls the struggles as well as the joys of having an infant in one hand, while coding with the other. The Singaporean government subsequently increased paid paternity leave to two weeks and paid maternity leave to four months. While two weeks of paternity leave is an improvement, it remains comparatively lower than many other countries of similar economic standing. It must be noted that the last month of maternity leave given to the mother can be shared with and transferred to the father.

Lucian believes that paid paternity leave in Singapore is limited due in part to mandatory military conscription. Singaporean men are required to serve 2 years in the military at the age of 18, and are called back annually for training, sometimes for up to a month per year. They remain fully paid while on military training, and employers are required by law to allow this unless special exceptions are made. Being a small city-state, Singapore doesn't have the option of a standalone full-time military and therefore relies on the civilian population to fulfill this role. Thus, a large portion of time is already taken out of men's schedules each year, and employers face financial difficulties when granting additional leave to new fathers.

However, as Singapore struggles with low birth rates and an aging population, it may be necessary to adopt new measures to incentivise parenthood. People who have children in Singapore tend to do so in their early to mid 30's. Lucian says the main reason people choose not to have children in Singapore is out of fear of the impact a child will have on their livelihoods. The cost of living in Singapore generally requires both parents to work, and parents must choose between taking unpaid leave, or returning to work sooner and hiring a carer for their child. In response to this the Government of Singapore has instituted a number of tax incentives, known as 'baby bonuses'

These incentives support parents to outsource care to live-in domestic staff, rather than to find a balance between parenthood and work. The policy provides a subsidy to parents to fund domestic care. This is creating cultural issues, and fears that parenthood is being commodified and outsourced. It is now commonplace for working parents to have live-in domestic staff from soon after the birth of their child. These staff play a primary caregiving role, to allow parents to return to normality in their work schedules sooner. Lucian also noted that women are granted additional tax incentives after having children. The same tax incentives are not available to men, suggesting the Singaporean Government is more focused on incentivising women to rejoin the workforce, with the confidence that the impact on their livelihood and economic standing will be minimised.



NEW ZEALAND

Is New Zealand the best place in the world to have a child?

The New Zealand Government has declared its plan to make the country the best place in the world to be a child. But parents still face significant challenges.

Kylie is a public school teacher who has two children. Following the birth of her first child, she was able to take four months' paid parental leave provided by the New Zealand Government, and an additional lump sum "Maternity Grant" that was equivalent to 6 weeks' pay, provided by her union. Kylie's partner was only able to take two days' paid leave from work, followed by leave without pay. Kylie's partner is also a public sector employee, and his employment terms stated that only mothers could take parental leave. This has since been changed under the Ardern Government.

After four months of paid leave, Kylie had to return to part-time work to meet the rising cost of living. It wasn't feasible for Kylie to take unpaid leave on a full-time basis, and her partner continued to work full time, so their first child was minded by relatives during work hours when Kylie was teaching.

By the time Kylie had her second child, the paid parental leave period had been extended and Kylie was able to take 5 months of paid leave, at the same pay as her first leave.

The Maternity Grant Kylie received with her second child was less due to the fact she had worked part-time, not full-time. This meant Kylie could not stay at home with her second child as long as she had with her first.

Kylie said returning to work so soon was frustrating when the New Zealand Government and the World Health Organisation both recommend babies be exclusively breastfed for the first six months, but paid parental leave policies make this difficult.

However, New Zealand has various policies to support women to express or breastfeed at work. Despite these policies, Kylie acknowledges that it's not always logistically possible or convenient to breastfeed or express at work, leading some mothers to switch to formula earlier than they otherwise would like.

There is a universal benefit scheme for children in New Zealand during the first 12 months of their life. But the benefit is only paid once the paid parental leave period has concluded. Kylie said the scheme equated to roughly \$60 per week, per child, which was beneficial in paying for nappies, formula and other basic goods. Lower income families receive more tax credits, but still struggle. As Kylie is in a higher income bracket, her children didn't receive tax credits beyond the universal scheme. Kylie said she can't imagine how families on a lower income than hers can survive in New Zealand.

The free healthcare available for children is also beneficial, particularly through the Plunket system. Plunket's community healthcare centres provide free support to new parents and babies.

Kylie's experience of maternity care was less positive. Kylie chose to pay over \$4,000 NZD to have a private obstetrician throughout each of her pregnancies. Following the birth of one of her children, Kylie experienced a range of post-operative complications and received negative care from highly stressed nurses and midwives in the understaffed labour department.



GERMANY

Where access to information is making parenthood easier

Thomas* is a father of one child, and lives in the German capital of Berlin. Many couples from throughout Germany choose to move to Berlin upon having children, as the city is widely regarded to be the best place in Germany to have a child.

Thomas works in Germany for a major US-based tech company.

In Germany, the law is quite prescriptive in that every parent has the right to take 36 months of parental leave until their child turns 8 (if, and only if, at least 12 months of leave are taken within the child's first two years). However the parental allowance is only paid for the first 14 months. Thomas and his wife shared the 14 months equitably, each taking 3 months at a time to avoid being away from work for too long. During this time, Thomas was entitled to 60% of his usual wage, paid by the state, whilst his employer continued to cover his social insurance. Thomas said the arrangement was effective in enabling him to connect with his child, whilst maintaining continuity and engagement at work. His wife had a similar experience.

Germany has an aging population and the German Government has deliberately enacted generous parental leave policies to encourage more families to have children. Whilst the policy ecosystem is good, this has not translated into company culture throughout Germany. Particularly in older, more traditional companies, paternity leave remains underutilised. In contrast, younger and more progressive companies are actively encouraging new fathers to take leave. Unlike in many other countries, Thomas said it is remarkably easy to access information on parental leave in Germany, due to the online family portal by the Federal Ministry for Family Affairs. The portal contains all relevant policies and guidance pertaining to parental leave and early childhood, including information on the universal child benefit scheme.

By providing this resource, Germany has managed to avoid the confusion new parents commonly experience about what their rights and entitlements are.

In Berlin, ECEC is free and the city has a multitude of playgrounds and other purpose-built facilities for children. The ECEC policy is highly progressive. ECEC is guaranteed for all children, and when a ECEC placement is unavailable, the Government must fund the cost of a domestic babysitter for a family. However, this is subject to a successful lawsuit against the state of Berlin, which many parents shy away from.

Families make a small contribution to ECEC each month, capped at 60 Euros. The affordability of ECEC has created a culture in Berlin where new mothers return to work relatively quickly. ECEC is available from three months of age, and it is common for children to commence care at this point. However, because ECEC is so affordable, there isn't enough capacity for all children. This leads to long waiting lists, and if parents choose not to pursue a legal battle against the state, they must hire a babysitter or personally take care of their child until a space opens up.

The other notable factor about Berlin is the distribution of playgrounds. Regardless of the wealth of a suburb, a high-quality playground will exist. For Thomas, there are four playgrounds within walking distance of his home. It is these factors that make Berlin a great place to be a child.

Thomas and his wife had their child through the public healthcare system. Public healthcare in Germany is of a high quality and out-of-pocket expenses are minimal. Families that incur more out-of-pocket expenses tend to move to private over public, but in Thomas's case this was not necessary.

**Name changed to protect the privacy of the participant*



CANADA

An experience of full-time fathering in Canada

Kale and Sarah have two children and live in Toronto, Canada. They took paid leave together, with their first child. Sarah and Kale valued the opportunity to take parental leave at the same time. Sarah felt that if she had to take parental leave by herself whilst Kale was at work, it would have been boring and isolating.

Kale felt that having an extended period of time to bond with their first baby made him feel like an equal parent, rather than feeling like he was taking a back seat. There is no “primary parent” and Kale said that whilst many of his male friends are afraid of spending time alone with their children, he is perfectly comfortable.

Sarah is now the sole income-earner for the family, working as a lawyer. Kale took parental leave following the birth of their first child and then stayed at home to care for both of their children following Sarah's second pregnancy.

In 2015, both Sarah and Kale planned to take parental leave after the birth of their first child. Kale's employer was federally regulated whilst Sarah's employer was municipally regulated, meaning two different sets of standards. In Canada, this legislation governs how much leave a parent is entitled to and how long their job will be protected for. This is separate to employment insurance legislation, which governs how much financial support a parent receives from the government during parental leave.

Sarah and Kale were entitled to take 12 months of partially paid parental leave between them, knowing that their jobs would be protected during this time. Sarah's employer offered additional funding to the Canadian Government's paid parental leave scheme. The government-paid leave is owed to a couple, not to individuals, so parents must choose how they divide the paid leave and whether they take it concurrently or separately.

Since Sarah and Kale had their first child, the Canadian Government's paid parental leave scheme has expanded from offering 12 months of leave at 50-60% pay (up to a threshold), to offering 18 months of leave. 12-months of paid leave at 50-60% of a usual salary up to a threshold, to 18 months. This was partly in response to the rising costs of ECEC, particularly for children aged between 12 and 18 months.

Sarah fell pregnant with the couple's second child during her first maternity leave, and the couple decided that because Sarah was a higher income earner, it made sense for her to return to work and for Kale to remain home.

For Kale, the experience also comes with its challenges. He has never been invited to a play-date by another parent, and yet Sarah gets invited often. When he tries to speak about his kids in social settings, particularly to his male friends, people are often not interested and steer towards discussions on his career or other interests. Being a full-time father has been socially isolating at times, and a more supportive culture for dads is required. Despite this, both Kale and Sarah reflected on how valuable it was to be able to take parental leave together, and to have a guaranteed job and for Sarah to return to at the end of it, all whilst knowing a high standard of healthcare was available to them and their children, always.



UNITED STATES

Is California the best place in the world to be a dad?

Katie and Charlie ordinarily live in the Bay Area of California, with their two children. Their daughter is two and their son is nearing six months. Katie and Charlie have had distinctly different experiences in transitioning to parenthood.

Katie was able to access California's paid parental leave, equating to approximately 50 per cent of her usual full-time salary for four months. Neither of Katie's two employers provided paid parental leave. One of Katie's employers was a local hospital whilst the other was a private pediatric group. Katie worked part time in both roles by choice, however this meant Katie didn't work enough hours with either to qualify for paid leave or receive any guarantee of job security. One of the employers was too small to offer any paid parental leave to employees. Katie was therefore dependent on paid leave from the State of California. The Californian paid parental leave scheme can commence at 36 weeks, though even Katie who holds a postgraduate degree said the process was confusing, and she had to read the relevant laws and policies multiple times to understand what paid leave was available to her. In contrast, Charlie was able to take the paid parental leave offered by his employer. According to the couple, it would be "hard to find a more generous parental leave scheme".

A few years ago Charlie's employer, a well-known tech company, interviewed parents in the organisation to understand what the ideal paid parental leave scheme would entail. All employees are entitled to three months of paid family leave. In addition to the three months, a fourth transitional month allows parents to make the return to work slowly. During this time, the employer makes a counsellor available to all employees to help them navigate the mixed emotions that often come with returning to work after having a child. The leave can also be divided and taken at different times, for instance one parent could take their leave whilst the other returns to work.

Charlie's employer has a culture which supports family time. Support for work-life balance in the organisation has had a flow-on effect to support for parental leave. Charlie was encouraged to take parental leave, as a senior member of the organisation, to demonstrate the policy wasn't just on paper.

When reflecting on the impact of paternity leave on his experience of becoming a father, Charlie said it was invaluable. It takes time for fathers to bond with their children; they need time to understand and connect with a new baby. Parental leave enabled Charlie to become an equal parent, as well as time to focus on running the household so Katie could rest and nurture their new baby. The deference that Charlie initially felt to Katie's parenting abilities subsided during the period of parental leave, where Charlie was able to develop the skills and connection needed to nurture their child. For Katie, Charlie's parental leave made her journey into motherhood much smoother; knowing Charlie was running the household whilst Katie bonded with the baby was invaluable.



UNITED KINGDOM

The United Kingdom makes the most of healthcare in the early years

Rene gave birth to her son, Harris, in December 2012. At the time she and her partner were living and working in London. Rene had been working for a local government council in London for 7 years when she became pregnant with Harris.

Her partner was excited about their upcoming transition to parenthood. Rene's employer's maternity leave policy allowed her to have up to 4 months' leave on full pay, followed by 3 months on 75% of her usual salary and then an additional 2-3 months on 50% of her usual salary. Rene had also accrued considerable annual leave before and during maternity leave, so was able to take 10 months of leave in total. The policy was supportive of Rene's needs, and allowed her to have regular check-ins during her maternity leave to remain engaged with her colleagues, and to work from home for her first year back at work.

During Rene's pregnancy, Harris faced some health complications. Rene had access to a supportive network of health workers including a pediatric specialist, who she was able to continue seeing until Harris turned 5. However, Rene was admitted to hospital 12 days after her due date, which happened to be Christmas Day. As she had not yet given birth by the following morning, Rene had to vacate the room and it was given to someone else.

Rene was induced, and faced numerous problems including gas being incorrectly administered, followed by 13 separate attempts to break her water, and eventually losing three-quarters of her blood supply whilst in the hospital room alone, and not being attended to for some time. Rene had blood transfusions and emergency surgery, before going into intensive care, where she didn't feel supported or cared for upon being "commanded" to breastfeed.

Despite the poor healthcare during childbirth, Rene received support during and beyond her first year as a parent, through free prescriptions, free pediatric dental care and a child benefit which she will receive until Harris turns 16. Rene felt lucky to have access to vital support, often for free in the UK. One key thing Rene would change is allowing dads to stay overnight in hospitals following childbirth, which is currently not allowed. She would have welcomed the additional support and the opportunity for her partner to have more time for bonding in those precious early days.



Conclusions

Making Australia the best place in the world to be a parent requires the deliberate creation of conditions that allow parents and children to thrive, rather than simply survive.

Parenting is a lifecourse experience, and yet policies affecting parents remain fragmented.

Rather than existing piecemeal approaches, a need has been identified for a holistic or “joined-up”^[132] approach that supports parents from pre-conception, through to birth, baby, toddler, school child and beyond.

How do we want Australians to experience parenthood?

We want to create a society in which parents and children can thrive. Making Australia the best place in the world to be a parent of young children would provide enormous benefits in terms of child development, economic growth and gender equality.

This report recommends changes and significant investment in:

- Universal health and wellbeing support for parents and children through pregnancy and the early years;
- A parental leave scheme that provides one year of leave to be equally shared between both parents;
- Free and high-quality ECEC for all families;
- Flexible and supportive workplaces with universal access to paid carers’ leave for sick children.

These recommendations value the role and function of parents and recognise how they will shape the next generation.

There are viable alternatives to inadequate parental leave schemes that put men and women on vastly different paths as parents; to unaffordable and patchy access to quality ECEC; to

workplaces wedded to traditional gender roles and employees without caring responsibilities; to a significant earnings gap between men and women.

As it stands in Australia the impact of becoming a parent, in general terms, is markedly different depending on whether that parent is male or female.

After the arrival of a baby, Australian men typically work – and earn – more than before. Conversely, after having a baby women tend to cut back on paid work and rarely, if ever, return to working and earning in the way they did before children. Australia’s comparatively low female workforce participation rate is a function of this pattern.

Too many fathers aren’t readily afforded the opportunity of having enough time with their children, and miss out on the associated benefits that flow from greater parental engagement. Too many mothers aren’t readily afforded the opportunity of appropriate access to paid work and miss out on the financial security that facilitates.

The pattern persists not because it’s immutable, but because it’s the pattern the current policy settings support. A different pattern can be created; other nations around the world have done it with success.

The coronavirus pandemic exacerbated the urgent need for reform with families and children experiencing unprecedented social and economic hardship.

Deliberately pursuing policies to make Australia the best place in the world to be a parent presents the most compelling and valuable path to ensure Australia’s recovery from the pandemic leads to a healthier, more equitable and more sustainable future.

The impact for parents, children and all Australians would be profound.



Summary

Recommendations and implications: Making Australia the best place in the world to be a parent

Paid parental leave

Australians are missing out, with one of the least adequate PPL schemes among OECD nations. As this policy impacts the start of a child's life, and sets up a pattern for ongoing parental involvement, it is critical.

Recommendation - A parental leave scheme that provides one year of paid leave to be equally shared between parents supports key outcomes:

- Support parents to care for a child at home for the first 12 months of life
- Give both parents an opportunity to develop skills in caring for and forming attachments with their children.
- Ensure mothers are able to maintain a connection to the workforce.
- Provide opportunities for breastfeeding in the first 6 months of a child's life where possible.

Financial implications - Providing families up to 12 months PPL, at full pay and to be equally shared, will lead to:

- A GDP increase of \$116 billion or 2.9 per cent by 2050 from higher female participation and productivity due to less time out of the labour market.
- A 4.6 per cent increase in breastfeeding rates and associated long-term increase in labour productivity.

This scheme will require an investment of an additional \$7.6 billion per year in 2021, increasing to \$10.2 billion per year in 2050.

Early childhood education and care

Participation rates in 3 and 4 year old ECEC in Australia lag global peers and parents pay among the highest out-of-pocket fees in the world. Children and parents miss out. Neither the value of ECEC and educators for early child development, or the considerable productivity benefits associated with supporting parents to work, are fully appreciated. Quality and consistency of ECEC is crucial, both in terms of both parents' confidence and child development outcomes.

Recommendation - Providing free and high-quality ECEC to all Australian children would deliver benefits including:

- Increasing the number of children attending ECEC and reducing the number of children arriving at school developmentally vulnerable;
- Allowing parents to increase the number of paid hours of work; and
- Reducing the financial pressure on families with young children.

Financial implications - The provision of free high-quality ECEC will lift future productivity of children and participation of women in the labour market:

- Future lift in productivity could add up to \$2.15 billion to GDP by 2050.
- Lift in female participation could lift GDP by up to \$47.2 billion or 1.2 per cent by 2050.

This scheme will require an investment of approximately an extra \$9.6 billion per year in 2021, rising to \$13.2 billion per year in 2050.

Parental health

Parental health and wellbeing is a significant challenge that was heightened in the pandemic. In part due to stigma, 75 per cent of parents suffering from anxiety and depression are not getting help until crisis point.

Recommendation - Gold standard care requires universal access to mental health support through ongoing access to screening, telehealth, group prenatal care and care continuity during pregnancy. Ensuring continuity of care either through an obstetrician, GP or midwife should be a priority of all levels of government. Care needs to work for different family cohorts, including Aboriginal and Torres Strait Islander parents and extended family. These additional investments would:

- Improve maternal mental and physical health;
- Reduce rates of low birthweight babies – group prenatal care reduces the risk of low birthweight by up to 68 per cent compared to individual prenatal care;
- Lower rates of stillbirth - while debate is ongoing on the best form of continuity of care during pregnancy, there is overwhelming evidence that it reduces pre-term birth and foetal loss across a variety of settings.

Financial implications - The costs of perinatal mental health challenges are significant. The provision of group prenatal care could reduce the number of Australian babies of low birthweight and could lead to an increase in academic achievement and long-term earnings for these children. This could lift future earnings by 2.5 per cent. The cost of such a scheme would be \$150 million per year.

Workplace practices

Workplace flexibility, culture and carer entitlements are crucial for parents, with research showing this yields positive improvements in workforce participation rates and productivity. Yet pregnancy discrimination is common for women, and fathers also face challenges.

Recommendation - Making Australia the best place in the world to be a parent requires strengthening basic workplace entitlements and driving cultural change in individual workplaces. Holistic approaches are important, encompassing the whole parenting lifecycle, from intending parents through to parents of older children. Flexible and supportive workplaces are needed with universal access to paid carers' leave for sick children. Workplace policies that support perinatal mental health such as counsellors for parents have been shown to be effective at reducing mental distress and improving participation and productivity of working parents.

Financial implications - Supporting parents to fully participate in the workplace while also caring for children has broad economic and health benefits:

- Improved health outcomes for children;
- Reduced parental stress; and
- Higher workforce participation and productivity.

While we do not model directly the benefits from these policies, we know that in order to realise all the benefits outlined from improved parental health supports, parental leave and ECEC, a cultural shift will need to occur in workplaces.

Appendix

Assumptions and methodology

The model is used to calculate the impact of expanded paid parental leave (PPL) and childcare on the labour market and GDP. The model utilises a PPP framework (that is, population, participation and labour productivity).

The model makes a number of assumptions to derive the estimated economic benefits of the proposed policies, which we explore in detail below. We also include a sensitivity analysis to show how the estimates change when these assumptions are changed.



	Quality Early Learning and Care	Paid Parental Leave	Maternal Health
Policy Incidence	Percentage of children in high-quality care	Take-up of paid parental leave	Women that receive high-quality maternal care
Policy Impact	<ul style="list-style-type: none"> - Increase female workforce participation - Lift future productivity of children 	<ul style="list-style-type: none"> - Increase female fertility - Increase female LFP - Increase female productivity 	<ul style="list-style-type: none"> - Increase future productivity of children through reduced incidence of low birthweight

Base model assumptions

Maternal Care

Policy Incidence

- 100 per cent of women provided group prenatal care.

Policy Impacts

- 68 per cent reduction in low birthweight babies – sensitivity 25 per cent reduction in low birthweight babies.^[133]
- Improvement in Naplan score of 0.14 standard deviation.^[134]

Paid Parental Leave

Policy Incidence

- 100 per cent of women take 6 months leave
- 75 per cent of men take 6 months leave

Policy impacts

- Increases fertility rates by 0.1 births per thousand women in each relevant age cohort.
- Increases female productivity by 4 per cent.^[135]
- Closes the long-term participation gap by lifting female participation 10 per cent.^[136]
- Increases rates of breastfeeding by 8.5 per cent at 6 months.^[137]
- Breast feeding increases Naplan Scores by 0.09 deviations.^[138]

Early childhood education and care

Policy Incidence

All children eligible for early childhood education.

Policy Impacts

- One per cent decrease in price of care increases hours used by 0.25 per cent^[139] which is assumed to also increase hours worked by the same amount, up to a maximum 38-hour week.
- Access to high quality childcare for three and four year olds increases Naplan scores by 0.17 standard deviations.^[140]

Economic benefits of base case - projections for 2050

Increase in GDP 4.1 per cent

Below we look at the detailed assumptions and how changing these impacts

Population

Australian population data, by gender and single age, is from the Australian Bureau of Statistics (ABS) publication *Australian Demographic Statistics*. Baseline projections for population (by gender and age) are based on ABS estimates of future population growth (ABS, *Population Projections: 2017 to 2066*). Population projections extend to June 2066.

The model allows for policy change to affect female fertility rates, and thus the population projections by gender and age. For the projection period, baseline fertility rates are derived from the projections, and cross-checked against other official data (ABS, *Births*). The extension of PPL increases female fertility rates and results in a higher population than otherwise would be the case. It is assumed that fertility increases by 0.1 births per thousand women in each relevant age cohort.

Economic benefits with no increase in fertility – projections for 2050

Increase in GDP 3.9 per cent

Projections for the number of parents (mothers and fathers) by age account for the incidence of multiple births (Australian Institute of Health and Welfare, *Australia's Mothers and Babies 2018*) and for the prevalence of single parents (ABS, *National Health Survey*). For the purposes of determining the impact of policies on labour market outcomes, adjustments are also made for the fact that families generally have multiple children.

Participation

The model calculates the short- and long-term impacts of policy on labour force participation and employment.

The short-term impact of policy on labour market outcomes relates to changes in take-up (relative to the current situation). Current take-up of PPL is based on ABS data (ABS, *Pregnancy and Employment Transitions*). Current take-up of PPL varies according to labour market status during and after pregnancy (for example, whether the person was employed or not working), as well as according to age and gender. Current take-up of childcare is based on data the Department of Education, Skills and Employment (DESE, *Child Care in Australia quarterly*), where take-up varies according to the age of children.

For the projection period, with respect to expanded PPL, it is assumed that take-up among women who give birth is 100%, while take-up among men is assumed to be 75%. The assumed take-up of expanded childcare amounts to a 20% increase in total hours of care.

Economic benefits of expanded PPL with 25 per cent take-up by men and 75 per cent take-up by women – projections for 2050

Increase in GDP 3.0 per cent

The short-term impact of expanded PPL on the labour market is complex. The effects vary by gender and labour market status in particular. In the short term, for example, a major impact of expanded PPL is to reduce the number of hours worked by those who take-up extended leave (and who otherwise would have worked).

The long-term impact of expanded PPL on the labour market relates to the individuals' long-term attachment to the labour force (for those who take-up PPL and who otherwise would have a more marginal attachment). For those women who take up expanded PPL, it is assumed that long-term participation is boosted by 10 per cent across age cohorts (of working age women).

Economic benefits with 5 per cent increase in participation

Increase in GDP 3.0 per cent

Expanded ECEC increases participation, but also allows part-time workers (with children in care) to increase the number of hours they work. Changes to both participation, and the shift from part-time to full-time work, are assumed to reflect the preferences of workers who do not have children.

Labour productivity

The model incorporates a number of productivity effects.

With respect to mothers, it is assumed that access to expanded PPL improves career outcomes (for those who otherwise would not take-up PLL, or have less extensive PPL). For the stock of affected mothers, this effect is captured as a premium on labour productivity. For affected mothers it is assumed that the long-term productivity premium is 4 per cent on the productivity level.

Economic benefits with 2 per cent increase in productivity

Increase in GDP 3.9 per cent

Economic benefits with 8 per cent increase in productivity (upper end of studies)

Increase in GDP 4.6 per cent

With respect to children, it is assumed that those whose parents access expanded PPL (for those who otherwise would not take-up PLL, or have less extensive PPL), benefit from greater home care and breastfeeding. This leads to higher productivity for those children as adult workers – due to higher average cognitive skills and health. Again this effect is captured as premium on labour productivity. For affected children it is assumed that the combined long-term productivity premium is 4.6 per cent on the productivity level.

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