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## C Trends in parental leave

### Key points

- In 2007, paid parental leave was available for approximately 54 per cent of female employees and 50 per cent of male employees. It has become much more common than it was in 2002, when it was available to 41 per cent of female employees and 31 per cent of male employees.
- While there had been considerable growth in the availability of parental leave across the 2002-07 period, the growth was somewhat slower in the years following 2005.
- In general, the growth of availability of paid parental leave from 2002 to 2007 has been greater for groups of employees that already had higher rates of availability in 2002. These include employees:
  - earning higher incomes
  - working full-time as opposed to part-time
  - aged between 25 and 60 years.
- The rates of availability for paid parental leave have grown in both the public and private sectors. Public sector employees are still more likely than private sector employees to have paid parental leave available to them.
- Of mothers in paid work prior to childbirth, 11 per cent return to paid work within three months of childbirth, 26 per cent within six months, 57 per cent within 12 months, and 74 per cent within 18 months.
- Early returns to paid work for mothers are positively associated with:
  - high incomes and very low incomes (compared with mothers earning middle incomes)
  - casual employment
  - self-employment
  - mothers who change employers before childbirth.
- Returns to paid work for mothers in the longer run are positively associated with:
  - non-permanent employment
  - lower education and income
  - shorter duration of employment prior to childbirth
  - greater numbers of children.

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## C.1 The growth of paid parental leave

In the absence of a legislated scheme of paid parental leave, there has been considerable growth in coverage of such leave in the Australian workforce. However, the growth in availability of paid parental leave has not been uniform across all groups in the workforce. This section follows ABS (2008c) in outlining which groups of employees have experienced increases in the availability of paid parental leave. In contrast to ABS (2008c), this discussion is based on data that have been adjusted to account for survey respondents who ‘did not know’ whether they were eligible for paid parental leave.

### *Growth in availability*

From both adjusted and unadjusted ABS figures, the prevalence of paid parental leave has grown by at least 10 percentage points between 2002 and 2007 (table C.1). The rate of growth in availability appears to have slowed more recently. The differences between adjusted and unadjusted figures highlights the extent to which both male and female employees are unsure of whether they are eligible for paid parental leave.

### *Growth in availability and age*

The availability of paid parental leave has grown across the board, although not particularly strongly for employees under 20 years of age. This may reflect a range of factors related to lifestyle or to the early stages of working careers. Both men and women over the age of 45 experienced considerable growth in the availability of paid parental leave (figure C.1). This indicates that the overall growth in availability of paid parental leave was boosted somewhat by older employees who generally account for less than 1 per cent of total births (ABS 2007).

Table C.1 **Availability of paid parental leave by gender, 2002–07<sup>a</sup>**  
Percentages

Year	Female employees entitled to paid maternity leave		Male employees entitled to paid paternity leave	
	Unadjusted	Adjusted <sup>b</sup>	Unadjusted	Adjusted <sup>b</sup>
	%	%	%	%
2002	31	41	20	31
2003	37	46	28	41
2004	35	44	21	31
2005	42	51	33	48
2006	45	53	36	50
2007	45	54	36	50

<sup>a</sup> While it is not shown in the data, men and women who are eligible for paid parental leave are likely to have access to different durations of leave (see table 3.2). <sup>b</sup> The Commission has based these estimates on survey respondents who indicated that they knew whether or not they were covered by paid parental leave, disregarding unsure responses (see box 3.2).

Source: Estimates based on: ABS (*Employee Earnings, Benefits and Trade Union Membership, Australia, August 2007*, Cat. no. 6310); ABS (*Australian Labour Market Statistics, Australia, July 2008*, Cat. no. 6105.0); ABS, unpublished data.

### *Growth in availability and earnings*

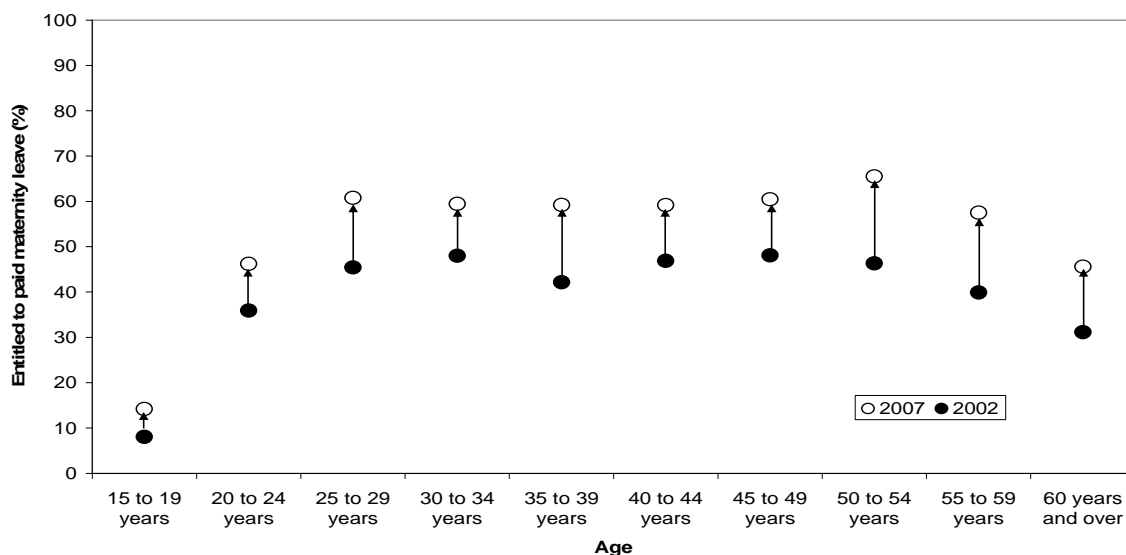
Paid parental leave has been more commonly available at higher incomes. The growth in paid parental leave since 2002 has also been somewhat concentrated at higher incomes (figure C.2). The most dramatic increases in availability are for women earning between \$1400 and \$1600 per week, and for men earning \$1600 to \$1800 per week. In contrast, there has been little growth in the availability of paid parental leave for employees earning gross weekly incomes of \$300 or less.

### *Growth in availability and hours of work*

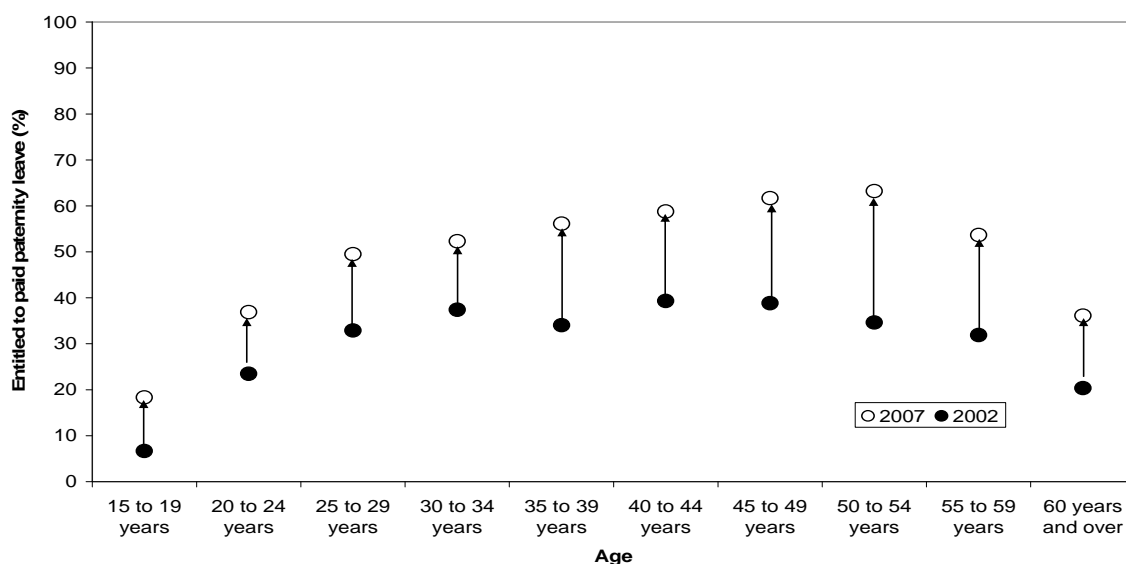
Full-time employees (both men and women) are more likely than part-time employees to have access to paid parental leave. This is partly due to the inherent differences between full-time and part-time jobs. For instance, a high proportion of part-time jobs are casual; whereas it is likely that more senior and better paid positions would be full-time (PC 2008a). In both 2002 and 2007, male and female employees were more likely to have paid parental leave available to them as full-time workers (figure C.3). The growth in availability of paid parental leave is higher for full time workers, particularly among men.

**Figure C.1 Availability of paid parental leave by age, 2002–07<sup>a</sup>**  
 Percentages

*Proportion of female employees with access to paid maternity leave*



*Proportion of male employees with access to paid paternity leave*

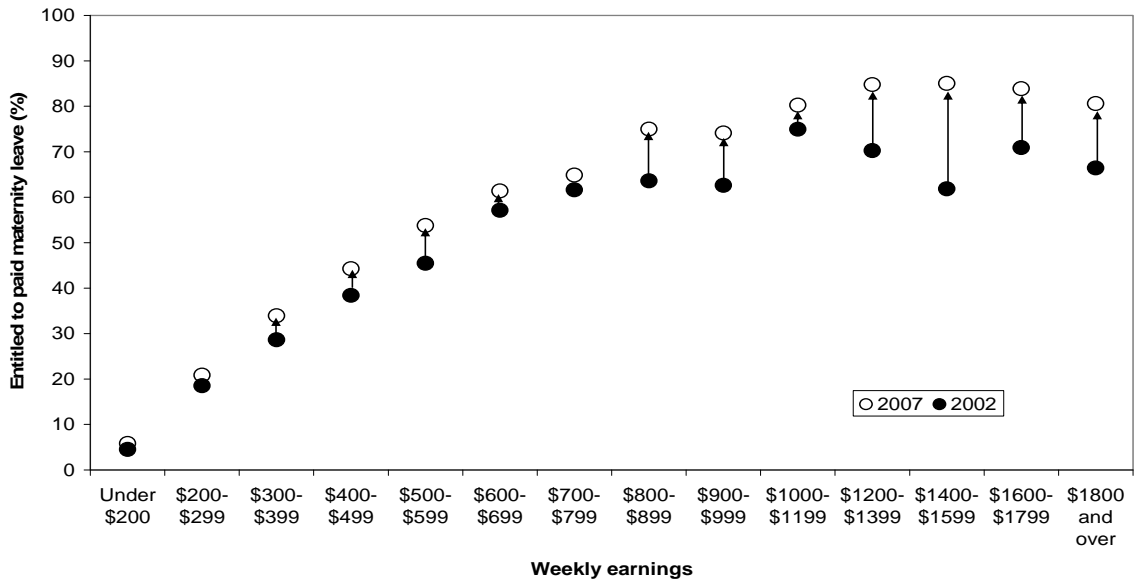


<sup>a</sup> The Commission has based these estimates on survey respondents who indicated that they knew whether or not they were covered by paid parental leave, disregarding unsure responses (see box 3.2). While it is not shown in the data, men and women who are eligible for paid parental leave are likely to have access to different durations of leave (see table 3.2). Access to leave does not imply use of leave. Percentages may not add to 100 per cent due to rounding.

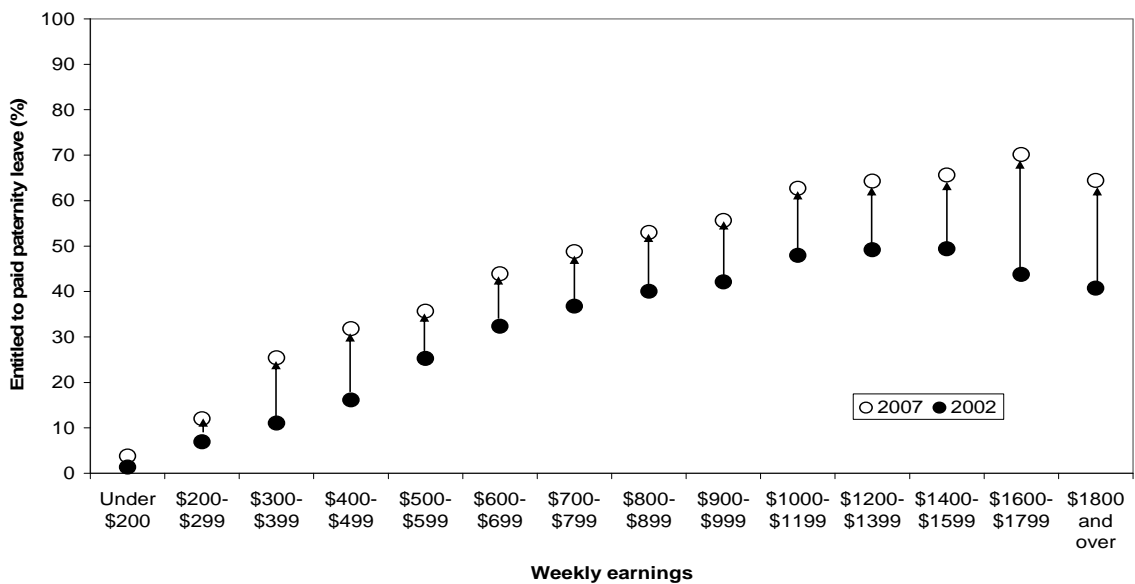
Data source: Estimates based on: ABS (*Employee Earnings, Benefits and Trade Union Membership, Australia, August 2007*, Cat. no. 6310); ABS (*Australian Labour Market Statistics, Australia, July 2008*, Cat. no. 6105.0); ABS, unpublished data.

**Figure C.2 Availability of paid parental leave by weekly salary, 2002–07<sup>a</sup>**  
 Percentages

*Proportion of female employees with access to paid maternity leave*



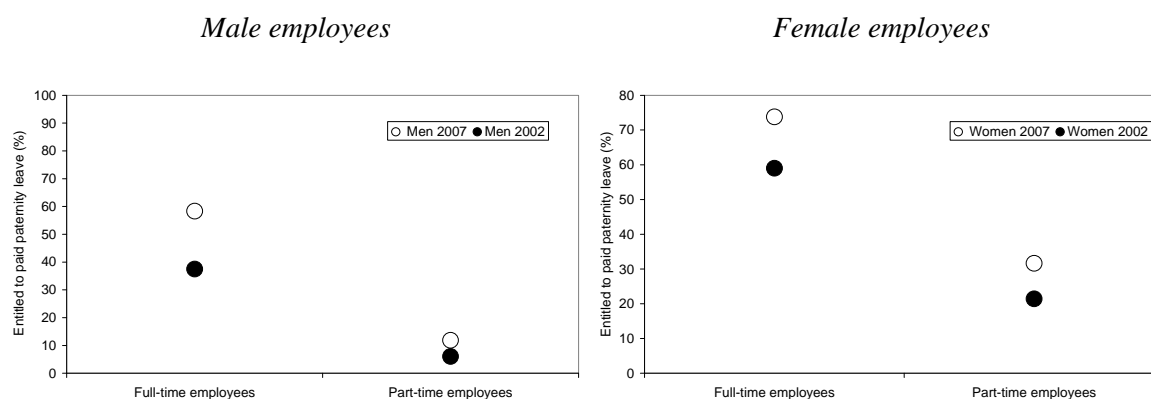
*Proportion of male employees with access to paid paternity leave*



<sup>a</sup> The Commission has based these estimates on survey respondents who indicated that they knew whether or not they were covered by paid parental leave, disregarding unsure responses (see box 3.2). While it is not shown in the data, men and women who are eligible for paid parental leave are likely to have access to different durations of leave (see table 3.2). Access to leave does not imply use of leave. Percentages may not add to 100 per cent due to rounding.

Data source: Estimates based on: ABS (*Employee Earnings, Benefits and Trade Union Membership, Australia, August 2007*, Cat. no. 6310); ABS (*Australian Labour Market Statistics, Australia, July 2008*, Cat. no. 6105.0); ABS, unpublished data.

**Figure C.3 Availability of paid parental leave by hours of work, 2002–07<sup>a</sup>**  
 Percentages



<sup>a</sup> The Commission has based these estimates on survey respondents who indicated that they knew whether or not they were covered by paid parental leave, disregarding unsure responses (see box 3.2). While it is not shown in the data, men and women who are eligible for paid parental leave are likely to have access to different durations of leave (see table 3.2). Access to leave does not imply use of leave. Percentages may not add to 100 per cent due to rounding.

*Data source:* Estimates based on: ABS (*Employee Earnings, Benefits and Trade Union Membership, Australia, August 2007*, Cat. no. 6310); ABS (*Australian Labour Market Statistics, Australia, July 2008*, Cat. no. 6105.0); ABS, unpublished data.

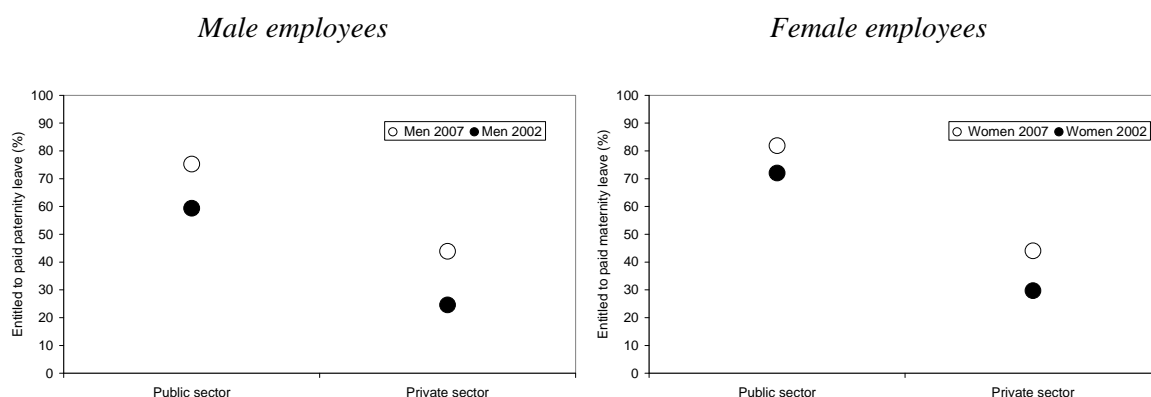
### *Growth in availability by sector*

The increased availability to paid parental leave has been of a similar magnitude in the private and public sectors over the last five years. A similar gap, therefore, has remained in the availability of paid parental leave between public and private enterprise (figure C.4). Given that the private sector accounts for around 72 per cent of the workforce, the main driver of the overall growth in availability has been its growth in private enterprise.

### *Summary*

Paid parental leave has grown in its coverage of employees in the Australian workforce. For many groups of workers, the availability of paid maternity and paternity leave is considerably greater than it was five years prior. Generally, groups with higher rates of paid parental leave availability in 2002 were likely to have larger increases in their rates of availability up to 2005. Thus, the overall growth in paid parental leave coverage has not led to a more even distribution of availability across different groups in the workforce.

**Figure C.4 Availability of paid parental leave by sector, 2002–07<sup>a</sup>**  
Percentages



<sup>a</sup> The Commission has based these estimates on survey respondents who indicated that they knew whether or not they were covered by paid parental leave, disregarding unsure responses (see box 3.2). While it is not shown in the data, men and women who are eligible for paid parental leave are likely to have access to different durations of leave (see table 3.2). Access to leave does not imply use of leave. Percentages may not add to 100 per cent due to rounding.

*Data source:* Estimates based on: ABS (*Employee Earnings, Benefits and Trade Union Membership, Australia, August 2007*, Cat. no. 6310); ABS (*Australian Labour Market Statistics, Australia, July 2008*, Cat. no. 6105.0); ABS, unpublished data.

## C.2 Mothers' return to work after childbirth

In terms of its effect on paid work, evidence suggests that childbirth impacts considerably more on the mother's career than on the father's. Mothers' leave tends to be much longer and is more likely to include extended periods outside the workforce. One of the most important implications for any scheme of parental leave would be its effect on the timing of mothers' returns to work. The desirability of longer or shorter lengths of leave are discussed elsewhere in this report.

Baxter (2008) has examined mothers' leave and the circumstances of their return to work in some detail. Following Baxter, and in accordance with data limitations, this section focuses on the mother's return to work in the first 18 months after childbirth using the LSAC Wave 1.5 database. By analysing the return to work in terms of months after childbirth, there may be some discrepancies with the number of weeks of leave taken, particularly for: mothers who took substantial leave before childbirth; mothers who left the workforce; and those whose answers reflect imperfect memory.

The timing of mothers' return to work is usefully described by Baxter (2008) through the cumulative proportion of mothers who return to work, and the hazard (or probability) of returning to work in a given month. The cumulative return to

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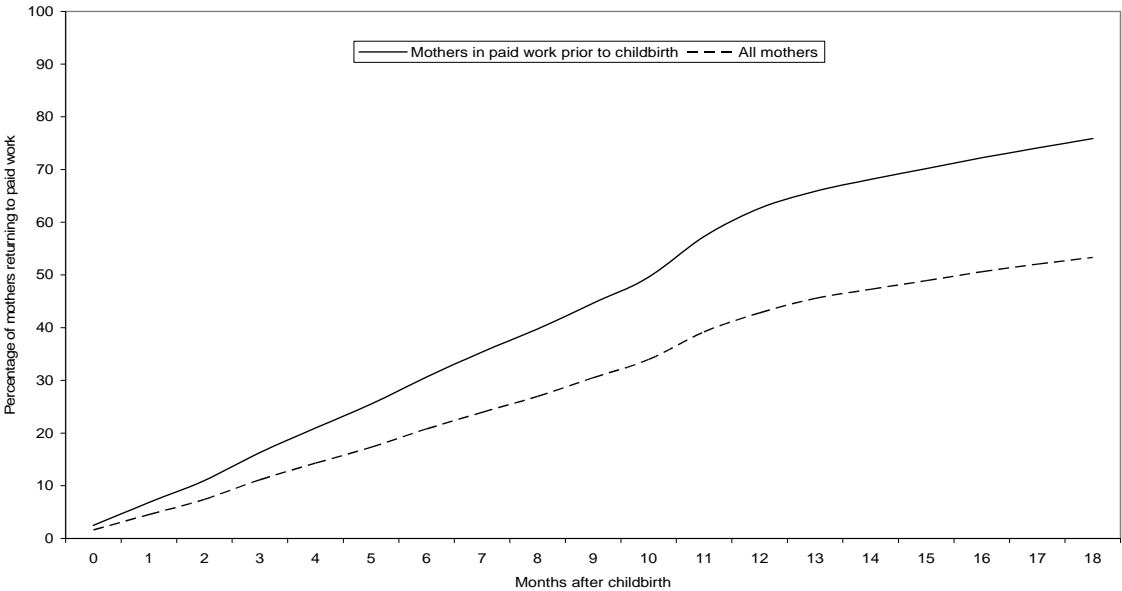
work is used here — it shows the proportion of mothers in each group who have returned to work by a certain time.

### When do mothers return to work?

Among mothers who had been in paid employment in the 12 months prior to childbirth, around 74 per cent had returned to work before their child was 18 months old (figure C.5). Around 11 per cent had returned before the child was three months old, 26 per cent before the child was six months old, and 57 per cent before 12 months old. Conversely, when looking at the population of all recent mothers (regardless of whether they worked prior to childbirth), a considerably smaller proportion returned to work within 18 months (52 per cent).

Several factors are likely to influence the decisions and limitations mothers have regarding leave and their return to work, and it is possible to see how behaviours differ between different groups of mothers. However, from the analysis in this section, it is not clear to what extent the observed patterns reflect randomness, nor is it clear whether there is a causal effect (this is investigated further in appendix G). The differences in behaviour observed for different groups of mothers in this section must be interpreted carefully.

**Figure C.5 Cumulative proportion of mothers returning to work**



Data source: LSAC Wave 1.5.



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### *Return to work and employment type*

Self-employed mothers are more likely to return to work early. These mothers take an average of 23 weeks of leave around the birth of a child, which is much lower than employees. The rate of return to work is higher for self-employed mothers at every point of the 18 months after birth (figure C.6). Around 61 per cent of self-employed mothers return to work before their child is six months old. Earlier return to work may reflect the greater responsibility that self-employed persons have at the workplace. It may also reflect a greater facilitation of childcare through work flexibility.

Along with greater workforce attachment, self-employed mothers have higher rates of workplace retention than employees. This may not be surprising, given that owner-managers are likely to be more personally invested in their workplace. Of the 85 per cent of self-employed mothers who had ended their leave within 18 months of childbirth, almost 90 per cent returned to their own businesses.

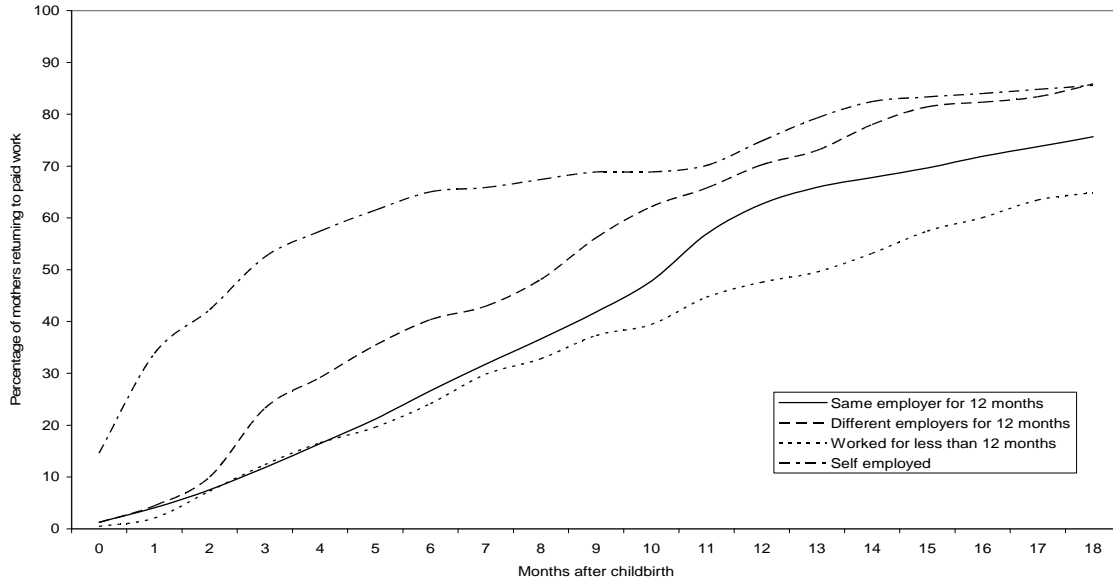
Among employee mothers, those who were in paid employment for less than the full 12 months prior to childbirth are, overall, less likely to return to work within 18 months of childbirth. This indicates that workforce attachment after childbirth is linked to workforce attachment prior to childbirth.

Among mothers who were paid employees for at least one year before childbirth, those who changed employers during this last year were much more likely to return to work early. This is particularly evident in the proportions of mothers returning to work after three months and before six months (figure C.6). This shows that early returns to work are somewhat related to workplace attachment.

### *Return to work and income*

A mother's income appears to have some influence on when she returns to paid work after childbirth. First, for mothers with gross incomes of \$1000 per week or less, there tend to be more mothers returning to work early at lower income levels (top panel of figure C.7). Mothers at lower income levels are also less likely to return to work overall. This implies two groups of low wage mothers: those returning early to paid work, most likely due to their financial needs; and those who may not return to work in the longer term, possibly due to their relatively weak attachment to the paid workforce.

**Figure C.6 Cumulative return to work for mothers by type of employer prior to childbirth<sup>a</sup>**



<sup>a</sup> Types of employer are mutually exclusive in the LSAC survey.

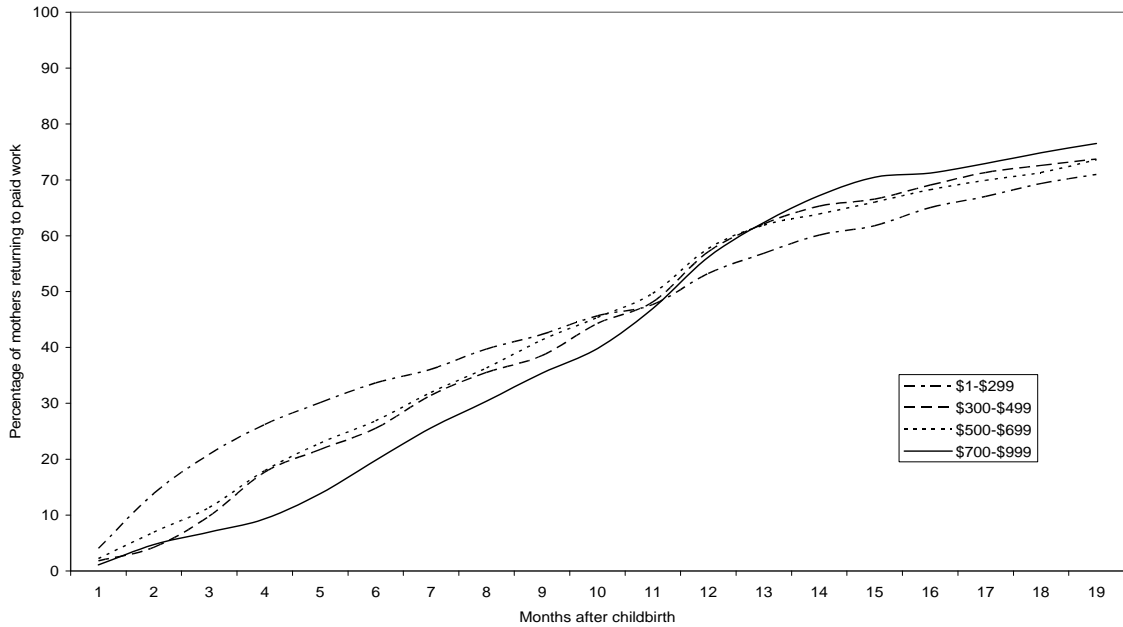
Data source: LSAC Wave 1.5.

In contrast, mothers at high weekly incomes show a greater tendency to return to work throughout the first 18 months, including the earliest months after childbirth (bottom panel of figure C.7). Half of mothers who were earning gross wages of \$2000 per week or more returned to work before their child was six months old. The reasons for these mothers to return to work early are likely to differ from those mothers on very low weekly wages.

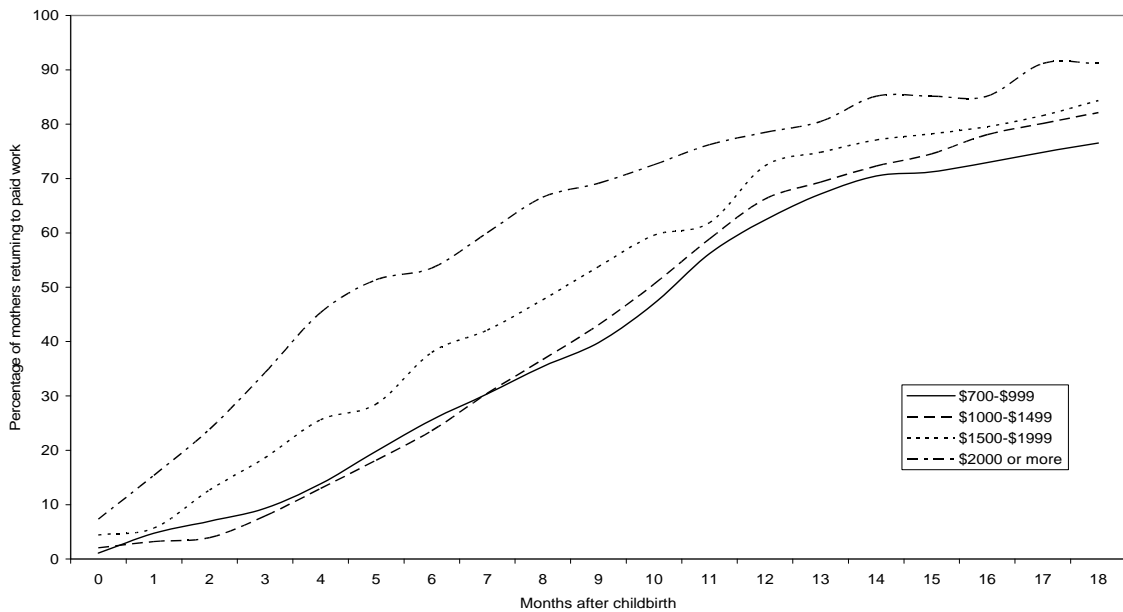
These results suggest that across all wage levels, there is a trend towards greater workforce attachment for mothers who were earning higher wages prior to childbirth. The exception to this involves mothers earning very low incomes prior to childbirth who return to paid work early. That is, for those earning less than \$700 per week, there is a trend of earlier return to work for mothers with lower incomes.

**Figure C.7 Cumulative return to work for mothers by mother's income prior to childbirth**

*Incomes of \$1000 per week or less*



*Incomes of \$700 per week or more*



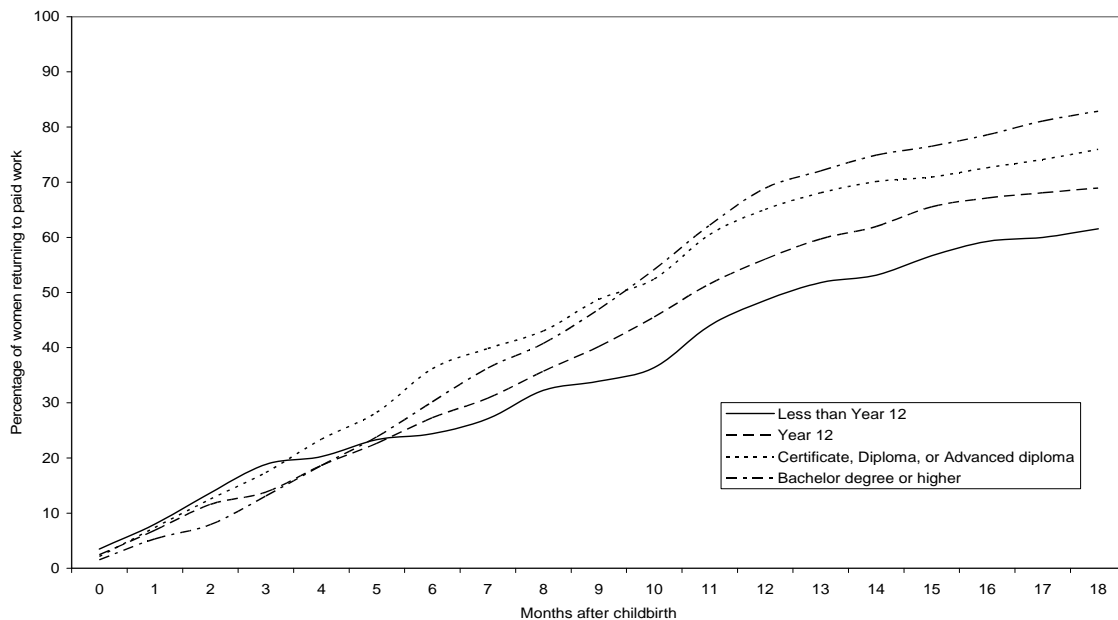
Data source: LSAC Wave 1.5.

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### *Return to work and education*

The timing of a mother's return to work differs according to her level of educational attainment. This difference becomes clearer over time, in that mothers with higher levels of education have higher rates of return to work by the time the child is 18 months old (figure C.8). In the first six months, the trends are less clear. However, mothers who had not completed Year 12 were the most likely to return to paid work within three months.

**Figure C.8 Cumulative return to work for mothers by mother's highest educational attainment**

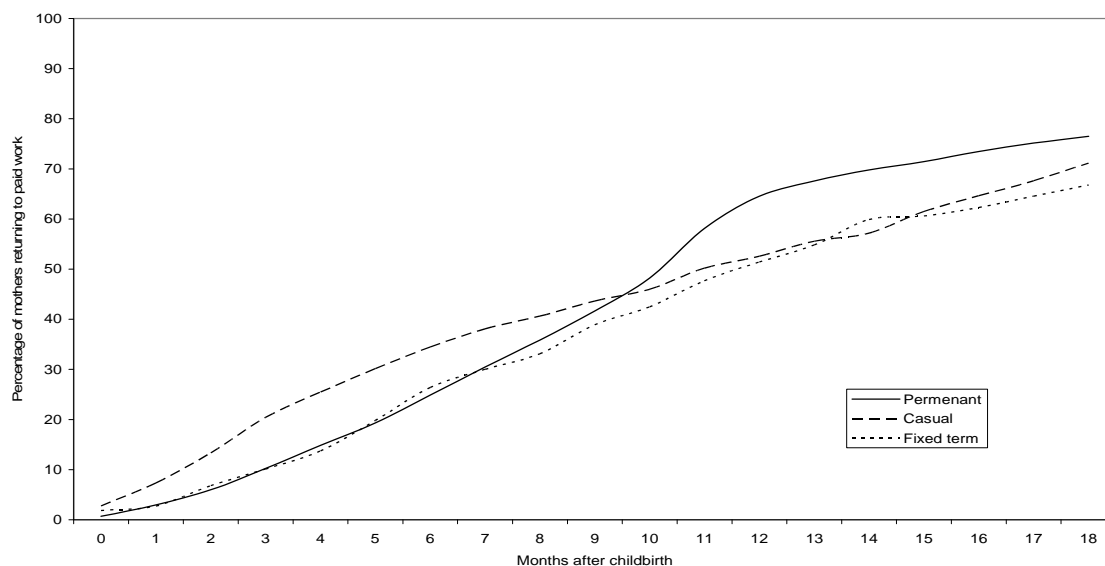


Data source: LSAC Wave 1.5.

### *Return to work for casual employee mothers*

Mothers who are casual employees are more likely to return to the workforce in the first five months after childbirth than permanent or contract employee mothers. However, permanent employees have higher rates of return to work after 10 months, more considerably so after 12 months (figure C.9). Permanent employees appear to be markedly more likely to return at 12 months or after. This may relate to the influence of the 52 week limit on unpaid maternity leave, which is more likely to be taken by permanent workers (due to their greater likelihood of eligibility).

Figure C.9 Cumulative percentage of mothers returning to work by contract type



Data source: LSAC Wave 1.5.

### *Return to work and the number of children*

Patterns of return to work for mothers show some differences according to the number of children present in the household. It appears that women with more children are more likely to go back to work throughout the first 18 months after childbirth, including the early months (figure C.10). As mentioned in chapter 3 of this report, the idea that women with more children have higher rates of return to work may not be surprising because a significant proportion of women with more than one child opt out of the workforce prior to pregnancy. Those who do not opt out are likely to have a high innate attachment to the workforce and so are likely to return to work after subsequent children.

### *Summary*

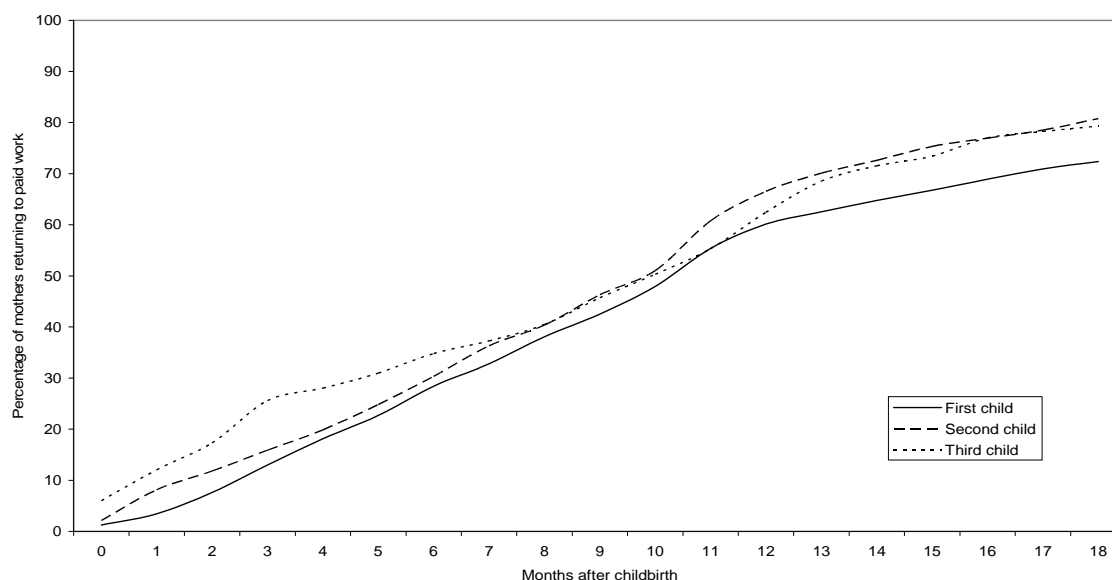
The majority of mothers in paid work prior to childbirth do not return to their jobs within the first six months of childbirth. By the time the child is 18 months old, the majority of mothers who had been in paid work prior to childbirth have returned to paid work. Yet, it is clear that different groups are likely either to return to paid work early or to stay outside the workforce in the longer term. Mothers returning to paid work in the first six months after childbirth is associated with casual employment, low incomes, and changing employers in the 12 months prior to childbirth. However, such early returns to paid work are also associated with high

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incomes and self-employment. It is very likely that these groups have different reasons for returning to work early.

**Figure C.10 Cumulative return for mothers by number of children**

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Data source: LSAC Wave 1.5.

In contrast, the proportions of mothers returning to paid work within 18 months appear to differ according to factors that are generally related to poorer employment outcomes. That is, lower rates of return to work within 18 months of childbirth are associated with:

- non-permanent employment
- lower education
- lower income
- shorter duration of employment prior to childbirth.

Mothers who are outside the workforce at 18 months after childbirth could potentially remain outside of paid work for much longer periods, although the duration of such periods can not be determined from the current analysis.