
J Short birth spacings and eligibility

Key points

- Some participants argued that with the eligibility criteria proposed in the draft report (continuous employment for 12 months prior to expected date of birth and an average of 10 hours a week of paid work), parents having second or subsequent children within a short period of time would find it difficult to requalify for the statutory scheme.
- Looking at the latest possible return to work date under a range of continuous employment work tests, the minimum birth spacing that would allow a mother to take 26 weeks leave (desirable from a child and maternal welfare perspective), and still qualify for the statutory scheme is:
 - 18 months under a 12 months work test
 - 16 months under a 10 month work test
 - 12 months under a 6 month work test
- Short birth spacings will prevent only a small proportion of mothers being able to take at least 26 weeks leave to care for a previous child and requalify for the proposed paid parental leave. According to LSAC data — less than 1 per cent of mothers (who previously would have qualified for the statutory scheme) had another child within 12 months. Less than 6 per cent of these mothers had another child within 18 months.
- Empirical analysis undertaken by the Commission (looking at birth spacings together with leave taken by mothers between pregnancies) also suggests that only a small proportion of mother having subsequent children would be ineligible for the proposed statutory paid under a 10 month work test.

This appendix looks at the issue of birth spacings and the incentives created by the proposed eligibility criteria of the statutory paid parental leave scheme. Specifically, it addresses the concern that women who give birth to subsequent children within a relatively short period of time may not be able to requalify for the proposed statutory paid parental leave scheme.

J.1 Participants' concerns about eligibility and subsequent pregnancies

A number of participants responding to the draft report proposal argued that with the proposed eligibility criteria of continuous employment for 12 months prior to the expected birth date and an average of at least 10 hours a week, parents having second or subsequent children within a short period of time would find it difficult to re-qualify for statutory paid parental leave. For example, CPSU said:

The requirement for working continuously for 12 months prior to the expected birth date is problematic especially when parents are trying to qualify for a subsequent birth and amounts of paid parental leave. (sub. DR376, p. 8)

Family Voice Australia said:

It would be hard for any mother to qualify for the proposed paid parental leave if she had children whose births were spaced less than a full 24 months apart. (sub. DR298, p. 2)

And Unions Tasmania said:

The requirement for parents to have 12 months workforce tenure will however exclude some women who choose to have several children within a short timeframe and take 12 months off work each time as they are entitled to do under the NES. These employees should be able to access the scheme. (sub. DR400, p. 3)

The Public Service Association and Professional Officers Association Amalgamated Union of NSW also indicated that following the draft report they had been contacted by members claiming that under the Commission's proposed eligibility criteria they would be ineligible for the paid parental leave scheme despite long periods of previous workforce attachment and ongoing employment simply because their babies will be born too close together (sub. DR380, p. 15).

Others expressed concern about the incentives created by the eligibility criteria. It was suggested that some mothers would return to work earlier in order to requalify for the statutory scheme and, as a result, they may return earlier than would be desirable on child health and wellbeing grounds. Concern was also expressed about older women delaying subsequent pregnancies in order to re-qualify for the statutory scheme (box J.1).

Box J.1 Participants' views — possible adverse incentives for subsequent pregnancies

The Public Service Association and Professional Officers Association Amalgamated Union of NSW, said:

Many families plan their children close together and parents may not have the opportunity to return from a period of prenatal leave for 12 months before proceeding on the next period of parental leave.

... We believe eligibility criteria that exclude workers who have a genuine attachment to the labour force may produce a perverse outcome and act as a disincentive to maintain connection with the workforce. (PSA, sub. DR380, pp. 14–15)

Meg O'Sullivan suggested that:

... you may find that parents are returning to work earlier than they otherwise would have, in order to meet the employment test to be eligible for paid leave for a subsequent birth. This is surely a perverse outcome. (sub. DR390, p. 1)

Martine Leonart said:

I have no doubts that women will return to work earlier than they would like in order to qualify for paid parental leave. In order to qualify for paid parental leave a women would need to put her child in childcare (or if she is fortunate some other arrangements) for at least 10 hours a week so that she could work at least 10 hours a week. Most childcare centres take bookings by the day, so two days of care would need to be paid for in order for the 10 hours to be worked. As referenced in appendix D, many experts have concerns about long hours of day care. (sub. DR359, p. 2)

Also that:

The age of first time mothers has risen steadily, with many women leaving it to their mid-to-late 30s before starting a family. For example, a 37 year-old women has a child, she takes a year 'out' to care for the child, then returns to work part-time. She needs to plan the birth of her next child so that she has been working at least a year so that she qualifies for paid parental leave. That takes her to 39 when she has her next child. (sub. DR359, p. 2).

J.2 Choosing an appropriate eligibility criteria for subsequent pregnancies

A work qualification period is required in order to target the receipt of statutory paid parental leave as much as practicable to those with genuine attachment to paid work. In deciding on the most appropriate eligibility criteria for subsequent pregnancies there is a need to ensure that the objectives of the statutory paid parental leave scheme are met and undesirable outcomes are avoided. Undesirable outcomes that could occur under particular eligibility criteria include:

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- women with strong preferences for short birth spacing reducing their time away from work to below six months to re-qualify or working many hours in a short period of time in order to requalify
 - women significantly delaying having further children in order to re-qualify for a subsequent round of paid parental leave (particularly women having children later in life)
 - a large group of mothers failing the employment test because of short birth spacing (around a year or less apart).

While it is theoretically possible that a work test, combined with high enough paid parental leave payments, could encourage mothers with short birth spacing to return to work earlier than they may otherwise have done, undesirable outcomes from the Commission's proposed work tenure test are unlikely to be large because:

- the size of the net payments being proposed are unlikely to produce significant incentives to alter birth spacings (those not qualifying for statutory paid parental leave can access the baby bonus and family payments)
- unpaid maternity leaves — which protect the jobs of mothers away from work because of the birth of a child — are not affected by the proposed statutory paid parental leave scheme
- few parents can have rigid preferences for birth spacing because conception is by nature variable and difficult to time to within a few months.

What is the minimum amount of leave consistent with child welfare objectives?

Any work test has the potential to affect the leave taken to care for earlier infants or to encourage changes in birth spacing. From a child and maternal welfare perspective (chapter 4), it is desirable to avoid a work test where a large group of mothers would be encouraged to take less than six months of leave after the birth of their child in order to requalify for statutory paid parental leave for a subsequent pregnancy.

Looking at the latest possible return to work date under a range of work tests, the minimum birth spacing that would allow a mother to take 26 weeks to care for an earlier infant is 16 months under the Commission's proposed 10 month work test. Under a 12 months work test the minimum birth spacing is 18 months while it is 12 months under a 6 month test (see table J.1 and figure J.2).

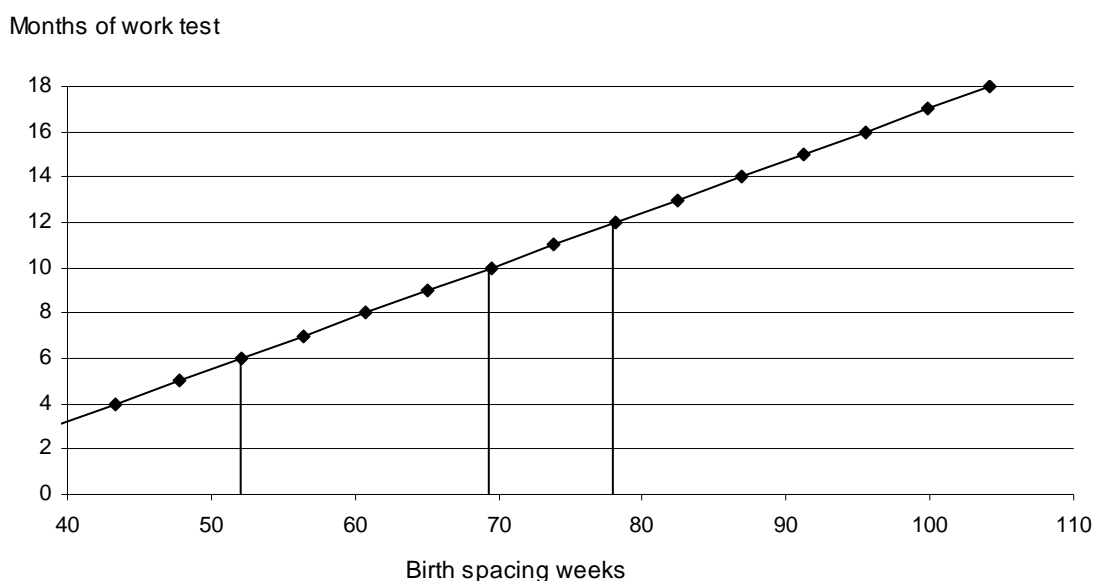
Table J.1 Minimum birth spacings required for 26 weeks of leave to care for a previous child

	<i>12 months work test</i>	<i>10 month work test</i>	<i>6 month work test</i>
Work test days	365	304	182.5
6 months of leave (days)	182	182	182.5
Total (days)	547	486	365
(weeks)	78.1	69.4	52.1
(months)	18	16	12

Source: Productivity Commission calculations.

For example, under a 12 month work test, a mother wanting to space her children 70 weeks apart would need to return to work at around 18 weeks after her initial birth in order to requalify for a second round of statutory leave. This is less than the desired six months of leave to care for a child (chapter 4). If she decided to take off six months to care for her first child, in order to requalify for the statutory scheme, she would have to delay conception and the birth of her second child.

Figure J.1 Months of work test required to give leave of 26 weeks



Data source: Productivity Commission calculations.

J.3 What do we know about birth spacings and leave taken to care for previous children?

The extent of the effects of the various work tests depends on the distribution of birth spacings among women with an attachment to the workforce. LSAC data sheds some light on birth spacings and the group of mothers at risk of not requalifying under the various eligibility criteria. Data are available regarding the birth spacing between the study child (for whom data is recorded) and any younger siblings. The same data are not available for the study child's older siblings.

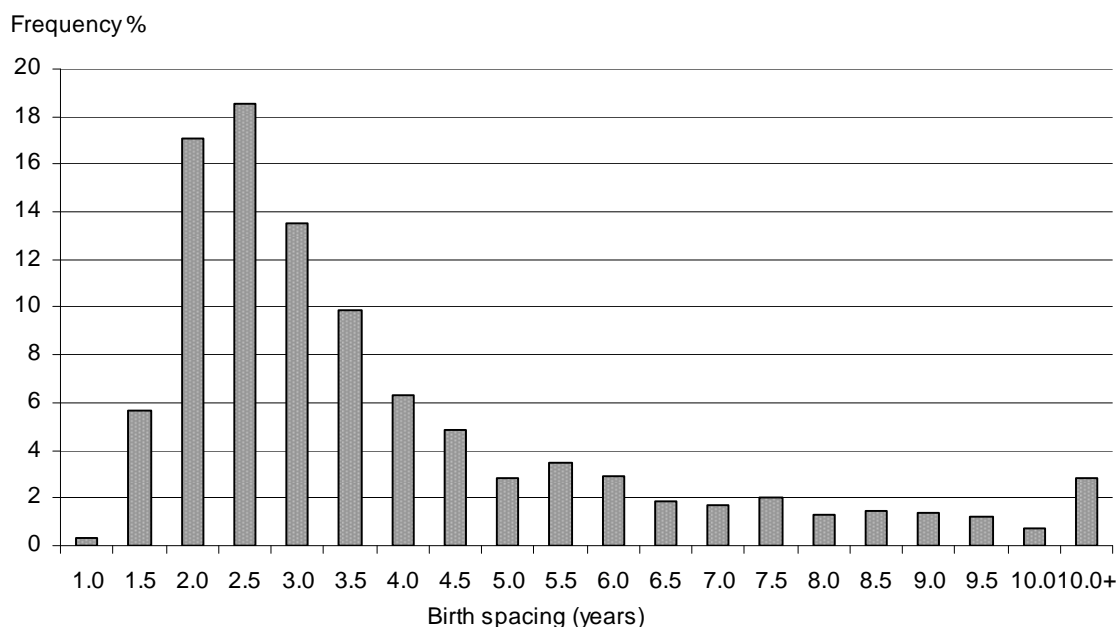
The LSAC data indicate that short birth spacing will prevent only a small proportion of mothers having subsequent children from being able to take at least 26 weeks of leave to care for a previous child and requalify for the proposed statutory paid parental leave scheme. Of those mothers who would have been eligible for the statutory paid parental leave scheme for their previous child:

- less than one per cent had a subsequent child within a year of having their previous child
- around six per cent had a subsequent child within 18 months of having their previous child (with 18 months being the minimum birth spacing under a 12 month work test)
- the majority (77 per cent) did not have a subsequent child until more than two years after having the previous child (figure J.2).
- Bringing together data on birth spacings¹ and the period of leave taken by mothers between pregnancies, it is possible to estimate the size of the group of mothers at risk of failing to requalify for the statutory paid leave scheme under various eligibility criteria.

Empirical analysis undertaken by the Commission looking at both birth spacing together with leave taken between pregnancies also suggests that only a small proportion of mothers having subsequent children will be unable to take at least 26 weeks of leave to care for a previous child and requalify for the proposed statutory paid parental leave scheme under a 10 month work test.

¹ LSAC data base contains information about the time between the birth of the child for which maternity leave was taken and the birth of previous siblings — but (usually) not information on the birth date of subsequent siblings. The Commission has assumed that on average birth spacings are the same between earlier and later births.

Figure J.2 Frequency of birth spacing for eligible^a mothers having subsequent children^b



^a Includes mothers who would satisfy a work test of 12 months of work for an average of 10 hours per week prior to having the child. While this slightly under-estimates the numbers of mothers under a 10 month and 7.6 hour work test, the approximation was necessary because the LSAC database does not provide specific information on mothers working for less than 12 months or working for less than an average of 10 hours per week prior to birth. ^b The category labels show the upper end of the interval — for example, category 1.5 shows the frequency of mothers with birth spacings from just over 1 year to exactly 1.5 years.

Data source: LSAC wave 1 and 1.5 data.

J.4 Putting the results together

From a child and maternal welfare perspective, it is desirable to avoid a work test in which a large group of mothers would have an incentive to take less than 26 weeks leave after the birth of their child in order to requalify for the proposed statutory paid parental leave scheme. The minimum birth spacing that allows a mother to take 26 weeks leave (desirable from a child and maternal welfare perspective) is:

- 18 months under a 12 months continuous employment test
- 16 months under a 10 month test
- 12 months under a 6 month test.

Short birth spacings prevent only a small proportion of mothers having another child from being able to take at least 26 weeks leave to care for their previous child and requalify for the proposed paid parental leave scheme — according to LSAC data less than 1 per cent of mothers who previously would have qualified for

statutory parental leave had another child within 12 months. Six per cent had another child within 18 month.

Empirical analysis undertaken by the Commission looking at both birth spacing together with leave taken between pregnancies also suggests that only a small proportion of mothers having subsequent children will be unable to take at least 26 weeks of leave to care for a previous child and requalify for the proposed statutory paid parental leave scheme under a 10 month work test.