

Paid Maternity Leave long overdue



**ACTU Submission
to the
Productivity Commission**

**Inquiry into Paid Maternity,
Paternity and Parental Leave**

ACTU

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EXECUTIVE SUMMARY

The Australian Council of Trade Unions (ACTU) represents 1.8 million working Australians and their families.

The Government and the Productivity Commission are to be congratulated on this inquiry into paid maternity, paternity, and parental leave.

The ACTU believes that an Australian system of universal paid maternity leave is long overdue. Paid maternity leave is a key entitlement for equity, a strong and productive economy, and the healthy development of our children.

The ACTU hopes that the Productivity Commission Inquiry will support our call for the delivery of paid maternity leave for all Australian mothers.

For over half a decade, Australia and the United States have been the only OECD countries without a national system for paid maternity leave. This is unacceptable. Addressing this shortfall should be a matter of priority for the Australian Government and all employers.

Paid maternity leave is an important workplace right that is necessary if Australia is to address the systemic disadvantage faced by women when they combine motherhood and paid work.

Universal paid maternity leave is a recognition of the increased financial strain placed on families following the birth of a child, whether the mother is in paid work or not.

Our society values the care and development of our infants. Every possible step should be taken to support the wellbeing and health of mothers and their newborn child. We must give every child the best possible start in life.

In a country as prosperous as Australia it is appropriate that we guarantee secure income so that all women are able to afford to take time off work for the birth of a child without detriment.

Two thirds of Australian mothers have no access to paid maternity leave, with low paid women the least likely to have access. That mothers of young infants should be forced by economic circumstances to return to work before they or their child are ready is a national disgrace.

For the economic growth of Australia paid maternity leave can no longer be ignored. With the current skills and labour shortage Australia must increase its female workforce participation. We must ensure that Australian women remain attached to the workforce and healthy while in it. Paid maternity leave cannot continue to be an entitlement only for workers who are in a position to bargain for it.

For more than a quarter of a century the ACTU has been advocating for appropriate leave and income support associated with the birth of a child.

In 1979 the ACTU won 12 months unpaid leave for mothers in the Maternity Leave Test Case. In a series of cases since then, the ACTU has fought for the extension of this leave to include adopting mothers (1985), fathers (1990) and casual employees (2001).

Our campaign history includes advocacy for paid maternity leave in the early nineties which resulted in the maternity allowance in 1993 and support for HREOC report "Time To Value" which resulted in the Baby Bonus in 2005.

In 2005 the ACTU achieved employees' right to request an extension of parental leave up to 24 months, the right to eight weeks of concurrent parental leave and additional allocation of leave for caring purposes.¹

Work and family balance is a matter of long standing interest to the ACTU and the working people and their families who we represent.

The ACTU model proposes a national minimum standard of 14 weeks paid maternity leave for all mothers of new born children, with the cost shared between employers and government.

The government contribution of the federal minimum wage (\$522.12) and 9% superannuation will be available to all new mothers. Employers will be responsible for topping up payment to ensure that the mother's ordinary earnings are protected for a minimum of 14 weeks.

For employers, there is *no cost* for three out of ten new mothers, and the top up of paid maternity to ordinary time earnings for the majority of employed women will cost their employer less than \$600.

This is a responsible and affordable scheme, which recognises paid maternity leave as a benefit to both our society and economy.

The ACTU calls on employers to do their part and support our national paid maternity leave model, which balances contributions the rights and obligations of government, employers and employees.

The ACTU welcomes the publication of the Productivity Commission Issues Paper and is pleased to present a submission to the inquiry.

The ACTU calls on the Commission to recommend our model to the Government, for the delivery of paid maternity leave for all Australian women, with improvements to the protections and entitlements for working families.

The ACTU submission

Within the terms of this inquiry, the ACTU submission focuses on paid maternity leave. We make it clear that this entitlement is the absolute priority. We also canvass other provisions necessary to support the health and wellbeing of the mother and child and that will allow parents to balance work and family responsibilities and maximise labour force participation.

Take up rates of parental leave indicate that it is still mostly women who assume the primary caring role for young children.² Three quarters of women of child bearing age in the paid workforce and yet two thirds of Australian women receive no paid leave to give birth or care for their baby.^{3,4}

The ACTU model of paid maternity leave meets the minimum 14 weeks of paid leave outlined in the ILO Maternity Protection Convention 2000 (ILO183). Our model integrates seamlessly with the current industrial instruments for unpaid parental leave. In addition it is cognisant of existing family support systems available.

¹ Family Provisions Case 2003-5

² ABS Employee Earnings, Benefits and Trade Union Membership 6310.0 August 2007

³ ABS Labour Force Status, 2008

⁴ ABS Forms of Employment, Australia, November 2007

We urge the Productivity Commission to recommend:

Legislation for 14 weeks of Paid Maternity Leave for all mothers of new born babies or adoptive parents of a child under the age of 5.

For mothers earning less than the federal minimum wage (\$522.12 per week) legislation to provide for a minimum payment of the current (indexed over time) minimum wage for 14 weeks plus 9% superannuation.

For working women who earn more than the minimum wage the National Employment Standards to guarantee income of 14 weeks at ordinary time earnings: The Government to provide 14 weeks income at minimum wage rates plus superannuation of 9% and employers to be required to provide the top up to ordinary time earnings plus 9% superannuation on this amount.

The payment will be paid into a bank and superannuation account nominated by the mother, be available at her choice at half rates over 28 weeks and be available from the first day of leave or at the birth of the child.

The introduction of the paid maternity leave scheme will replace the current baby bonus entitlement and both the government component and the employer top up component will be subject to income tax.

The ACTU's submission includes the paid maternity leave model summarised above along with a number of additional recommendations that provide support for women and their partners to balance work and family responsibilities.

Paid maternity leave saves business significant outlay on staff replacement costs, it retains skilled and experienced employees with critical corporate knowledge.

Under our model the employer contribution is modest. For about 57 per cent of mothers who are on or below the federal minimum wage, the full amount of the payment will be funded by taxpayers.

Only two per cent of employees will take maternity leave in any given year. Compare this to the over 2.3 million persons, or almost 25 per cent of employees, who will have been employed by their employer for more than 10 years and for whom long service leave has vested or is close to vesting.

Utilising the full labour market resources of a country boosts its economy. The largest untapped pool of labour is women aged 22 to 44, key child bearing years. These women are also amongst the most skilled and experienced workers in the labour market.

In 2003, Treasury officials estimate that a 2.5% increase in labour participation rates would produce an additional 9% increase in economic output by 2022. Even a modest increase of 1.5 per cent of female participation in the 25-45 age range would grow GDP by up to 1.25 per cent over the next 20 years, and hold this at an additional 1 per cent the following two decades.⁵

Paid maternity leave is not only a benefit for women, their families, and society, it is also good for business and the economy.

⁵ Gruen, D & Garbutt, M. "The Output Implications of Tighter Labour Force Participation." *Treasury Working Paper 2003-02*. October 2003.

SUMMARY OF RECOMMENDATIONS

The ACTU urges the Productivity Commission to recommend:

- Legislation for 14 weeks of Paid Maternity Leave for all mothers of new born babies or adoptive parents of a child under the age of 5.

For mothers earning less than the federal minimum wage (\$522.12) legislation to provide for a minimum payment of the current minimum wage (indexed over time) for 14 weeks plus 9% superannuation.

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The payment will be paid into a bank and superannuation account nominated by the mother, be available at her choice at half rates over 28 weeks and be available from the first day of leave or at the birth of the child.

The introduction of the paid maternity leave scheme will replace the current baby bonus payment and both the government component and the employer top up component will be subject to income tax.

- Consideration given to the affordability of additional paid parental leave to be taken by either the mother or her partner as the family chooses.
- The extension of the National Employment Standards to provide the right to 8 weeks concurrent unpaid parental leave.
- Provision within the National Employment Standards for paid leave to attend ante natal appointments and paid breastfeeding breaks as minimum entitlements for pregnant and lactating mothers.
- The preservation of existing entitlements and the recognition of the capacity to build on these entitlements through collective bargaining and award standards over time.
- That paid parental leave be recognised as one part of a package of policies, including strengthening return to work provisions and workplace flexibilities necessary to support working families.
- A review in two years of the scheme being implemented to assess the affect on maternal labour force participation and maternal health outcomes, with consideration to be given to other support available and/or necessary at the time of the birth.

1. OBJECTIVES OF A PAID PARENTAL LEAVE SCHEME

- 1.1 The ACTU supports the Productivity Commission's view that the objectives of a Paid Parental Leave scheme should be to provide:
 - Time for a mother to recover physically from birth and bond with her child;
 - Replacement of a mother's income to assist her to take time off paid work to look after newborn children;
 - Better health and development of newborn children including breastfeeding;
 - Increased opportunity for fathers to bond with and care for their child;
 - Financial support for families around the time of the birth of a child;
 - Assistance to mothers to maintain their long-term attachment to the workforce (including funding their retirement); and
 - Equity for women through the right to paid leave from employment for child birth.
- 1.2 In addition, paid parental leave provides benefits to Australian society through:
 - Stimulation of the labour market and economy through increased female participation in the workforce;
 - Return on investments in education and training;
 - Assisting employers to attract and retain skilled and experienced female employees;
 - Giving families and young children a well adjusted start in life.
- 1.3 The ACTU supports a nationally legislated system of paid maternity leave for a number of reasons: Australia should meet its international obligations both to mother and to child; it is incumbent on government to address systemic discrimination and to support families; it will help build a stronger and more productive economy; and because the labour market has failed to equitably deliver paid maternity leave.

The case for paid maternity leave

- 1.4 The ACTU supports families in making real choices about how they share household tasks, childcare and income earning. However, the ACTU believes there is an urgent case for paid maternity leave as separate from parental leave.
- 1.5 It is important that mothers of newborn babies are provided with support for the health and wellbeing of the mother and the child.
- 1.6 Mothers need time off work for the birth of a child.
- 1.7 Of those women who were working whilst pregnant, 37 per cent used paid parental leave and 51 per cent used some other form of paid leave such as annual leave or long service leave.⁶
- 1.8 There must be income protection for the time off work new mothers are required to take. Other required leave, such as sick leave, has been available to workers in Australia for decades.

⁶ ABS Employee Earnings, Benefits and Trade Union Membership 6310.0 August 2007

- 1.9 Leave taken which benefits society has been supported by Government and employers, for example jury duty and defence service leave. It is indefensible that one of the most important tasks, that of raising the next generation, is not supported by guaranteed paid leave.
- 1.10 Furthermore paid maternity leave shows recognition of the inherent inequity women face compared to men as a result of time taken out of the workforce in order to have and (in a majority of cases) care for the child. This inequity continues in retirement.
- 1.11 To ensure a strong, fair and consistent safety net for new mothers. The ACTU believe that all women deserve access to paid maternity leave with superannuation, regardless of their employment status.
- 1.12 As a society we need to equip mothers to move back into the labour force when they are ready to do so. Paid maternity leave is one of a range of work and family policies that can assist the transition in and out of the labour force. In combination with other policies, maternity leave, with effective job security, encourages labour market attachment, thus easing the transition back into the labour force.

Parental leave

- 1.13 While advocating an urgent case for paid maternity leave the ACTU calls on the Commission not to ignore the case for additional paternity/partner and parental leave.
- 1.14 ABS statistics show that only a quarter of male employees took paid parental leave. Fifty-one per cent of male workers were eligible for unpaid leave but did not use it.⁷
- 1.15 It is not surprising that many partners would be financially unable to take up the unpaid leave, particularly if the mother's income has just been lost. In which case paid maternity leave may also enable the partner to be present during the weeks after the birth to assist the mother's recovery and to bond with the child.
- 1.16 However, unpaid leave will not ensure paternity/partner leave is available to all working parents. The ACTU encourages the Productivity Commission to consider additional paid leave that could be taken either by the mother or her partner.

⁷ ABS2007; Whitehouse et al. 2006b

2. AVAILABILITY OF PAID PARENTAL LEAVE IN AUSTRALIA

Almost two thirds of Australian parents have no access to paid parental leave

- 2.1 The ACTU recommends the provision of paid maternity leave for all new mothers. We believe universal accessibility to paid leave at the time of the birth of a child is imperative to addressing inequalities.
- 2.2 Collective bargaining has provided for existing paid maternity leave provisions for women in 45.4 per cent of workplaces and for men in 39 per cent.⁸ There are different eligibility criteria for these schemes, and in 2007, only 37 per cent of women accessed paid maternity leave.
- 2.3 Despite well publicised examples of companies using paid maternity leave to retain key staff ABS data reflects a 1.5 per cent drop in the number of women entitled to paid maternity leave in the last year.^{9,10}
- 2.4 Currently almost two thirds of Australian mothers have no access to paid maternity leave. The distribution of paid maternity leave is unequal, with high income earners far more likely to receive paid maternity leave. Almost three quarters of women earning above \$1200 per week have access to paid maternity leave.¹¹
- 2.5 While employees on low incomes and/or in insecure employment, who are most in need of paid leave, often miss out:
 - Only 24 per cent of women from the retail sector had access to paid maternity leave.¹²
 - Less than 20 per cent of employees working in: agriculture, forestry and fisheries; and in the accommodation and food services sector, had access to paid maternity leave.¹³
- 2.6 Employees in the public sector or large workplaces are more likely to have access to paid maternity leave than those private enterprise and small workplaces:
 - 75 per cent of mothers in the public sector used paid maternity leave compared to 25 per cent in the private sector;¹⁴
 - 56 per cent of mothers in workplaces with more than 100 employees used paid maternity leave compared to 18 per cent in workplaces with less than 20 employees.¹⁵
- 2.7 It is unacceptable that paid maternity leave is not available to those workers who are not in a position to bargain.
- 2.8 Universal access to paid maternity leave is a crucial aspect of the ACTU model, which we urge the Productivity Commission to recommend as a step towards addressing the disparity between access by providing a safety net for the all workers regardless of income or size of their workplace.

⁸ ABS April 2008. There is limited data on the actual number of women who can access paid maternity leave. The data only indicates whether an employer has a scheme, not how many employees are actually eligible for the leave. For example depending on the eligibility criteria, many part-time and casual employees and employees with less than 12 months service will not receive the payment provided under the employer's scheme.

⁹ See Appendix A for a snap shot of current paid maternity leave schemes.

¹⁰ ABS Forms of Employment, Australia, November 2007

¹¹ ABS cat no. 3301.0 2006

¹² ABS cat no. 3301.0 2006

¹³ ABS cat no. 3301.0 2006

¹⁴ ABS Pregnancy and Employment Transitions, Australia, November 2005, cat.no.4913.0

¹⁵ ABS Pregnancy and Employment Transitions, Australia, November 2005, cat.no.4913.0

Non-permanent workers are systematically denied paid maternity leave

- 2.9 Most paid and unpaid maternity leave schemes are unavailable to casual and non-permanent employees such as workers on contracts.
- Fifty-eight percent of fulltime female employees had access to paid maternity leave compared to 28 per cent of part-time employees, and only 0.14 per cent of casual employees.¹⁶
- 2.10 The ACTU believes this discrimination needs to be addressed in any national paid maternity leave scheme which is recommended by the Productivity Commission.
- 2.11 Permanent jobs have declined almost 2 per cent over the past 30 years. Casual, self-employed, and contract employees now make up almost half the workforce.¹⁷
- 2.12 More than a quarter of the Australian workforce is employed on a casual basis and nearly 60 per cent of these have been employed for 12 months or more by their current employer. Over 11 per cent of the fulltime workforce is employed as "casuals".¹⁸
- 2.13 As the line between permanent and casual employment blurs the traditional reason from excluding casual workers from paid entitlements due to additional loading becomes harder to justify. Especially when paid maternity leave has not been taken into consideration when calculating casual loading.
- 2.14 In the 2001 Parental Leave for Casuals Case the ACTU successfully argued for the right of ongoing casual employees to access unpaid parental leave in recognition to their entitlement to job security during the birth of their child.
- 2.15 The ACTU believes to avoid discrimination the Productivity Commission should ensure that workers in insecure forms of work have provisions that protect their income during the birth of a child.

As one women told the ACTU,

"I'm three weeks away from having my first baby. My employer has a generous paid maternity scheme - but only for permanent employees. Unfortunately, I'm casual, so I'm not eligible for any paid maternity leave...I'll probably have to go back to work six months after the baby's born because, after doing a budget, we realise that we won't be able to survive on one income for any longer than this... I'll find it really hard leaving a six month baby in the care of others - six months old still seems so little."

Sarah Oxenbridge¹⁹

And another,

"A statutory paid maternity scheme would have allowed me, as a low paid casual worker, to receive financial support to take leave, have my children and still contribute to the family income. As a tax payer, this would have been a show of support for the years of contributing to the Australian economy, system and

¹⁶ ABS Forms of Employment, Australia, November 2007

¹⁷ Mark Wooden, The Changing Labour market and its impact on Work and Employment Relations", in Ron Callus and Russell Lansbury Working Futures: The Changing Nature of Work and Employment Relations in Australia, Federation press Sydney 2002, p.57

¹⁸ Mark Wooden, The Changing Labour market and its impact on Work and Employment Relations", in Ron Callus and Russell Lansbury Working Futures: The Changing Nature of Work and Employment Relations in Australia, Federation press Sydney 2002, p.57

¹⁹ Contribution made to ACTU "It's long overdue Campaign". www.rightsatwork.com.au April-May 2008

community. It would have recognised the contribution that I make to Australian society.”

Tracey Smith²⁰

Length of service criteria is discriminatory

- 2.17 Most paid and unpaid maternity leave schemes require 12 months service with the employer. This discriminates against many new mothers, especially low income earners who are often in insecure employment.
- 2.18 In 2000, almost one quarter of employees aged 25-34 had changed employer within the previous 12 months. Females of child bearing age also have shorter periods of continuous employment, with almost half of those aged 20-24 and one third of those aged 25-34 having worked in the same job for less than one year.²¹
- 2.19 The ACTU believes there should be no minimum length of service criteria for access to paid maternity leave. Such criteria would discriminate and result in many women slipping through the safety net.
- 2.20 The ACTU does however recognise the cost to business in paying maternity leave for new employees. That is why our model provides for a universal government funded component and limits the application of the employer top up until 6 months service.
- 2.21 As one expectant father commented on the difficulties of fulfilling the continuous service criteria:

“My wife worked for the University of Tasmania for 3 years, then resigned to do a PhD with the Uni on a Uni scholarship. When she finished her PhD she started work again with the Uni and then got pregnant but found out she has no paid maternity leave because they regard her as not having 12 months continuous employment with them. This is after working and doing her PhD research with the Uni on a Uni project for over 8 years! We cannot believe they won’t give her paid maternity leave- it’s a disgrace! She is now on a one year contract and will have to take unpaid leave to have the baby and then go back to work as soon as possible. I cannot believe Australia is so far behind other countries in our maternity leave.”

Dr. Jonathan Stark²²

Legislated minimum standard is necessary to ensure equity

- 2.22 To ensure equity in the birth and care of a child, the ACTU believes the Government should include paid maternity leave as a legislated national employment standard.
- 2.23 Without the legislative protection for paid maternity leave, maternal and child health is dependent on the capacity to bargain. This is unacceptable. It is inequitable that highly skilled women should benefit from the business case for paid maternity leave, while women with less bargaining power are unable to gain access to such security.

²⁰ Contribution made to ACTU “It’s long overdue Campaign”. www.rightsatwork.com.au April-May 2008

²¹ ABS 6361.0 Employment Arrangements and Superannuation June 2000, p.18

²² Contribution made to ACTU “It’s long overdue Campaign”. www.rightsatwork.com.au April-May 2008

- 2.24 The Productivity Commission must also consider the possible polarisation of mothers' employment. The OECD Economic Outlook 2001 reports that mothers with medium and high education levels are closing the gap between their employment levels and paternal employment rates, but the employment rates of less educated mothers are lagging. The report notes that less educated women are less likely to be afforded family friendly benefits by employers, and that labour market detachment for lower educated mothers makes successful re-entry difficult.
- 2.25 If society is to reap the rewards associated with paid maternity leave, it cannot be open to being bargained away in times of poor company performance.
- 2.26 The ACTU model advocates a safety net for all women, in conjunction with additional outcomes achieved through workplace bargaining.

Parents need paid leave for the birth and care of a baby

- 2.27 Any paid maternity leave scheme must recognise paid maternity leave as an entitlement designated for the birth/adoption of a child.
- 2.28 The continuation of the current reliance on other forms of leave, such as annual or long service leave, for the birth of a child is not desirable.
 - 51 per cent of women took other paid leave, such as annual or long service leave during the birth of their child.²³
 - Almost 80 per cent of fathers who took paid leave at the birth of a child, used paid annual leave.²⁴
- 2.29 This depletes the reserves of annual leave for the recuperation of tired parents juggling work and family. It also reduces the capacity for working parents to cover school holidays and emergency situations. Parents are often unable to take holidays together as they have insufficient annual leave to cover lengthy school holiday periods without splitting the leave between them.
- 2.30 Both paid paternity and maternity leave would alleviate this financial pressure and may assist both parents to share caring for a new baby for the immediate post-birth period when the mother may also need assistance. It would also allow parents to maintain a buffer of other accrued paid leave for recuperation, recreation and emergency care for their children.
- 2.31 Access to other forms of leave should not be assumed, as many casual and contract workers are not entitled to them. Where annual leave is available it is insufficient in length for the mother to recover from birth and bond with her newborn.
- 2.32 Working parents need access to paid maternity leave, in addition to existing leave entitlements.

²³ ABS Employee Earnings, Benefits and Trade Union Membership 6310.0 2007; Whitehouse et al. 2006

²⁴ ABS Employee Earnings, Benefits and Trade Union Membership 6310.0 2007; Whitehouse et al. 2006

Australia and the United States are the only OECD countries without a statutory paid parental leave scheme²⁵

- 2.33 Australia does not comply with international policy instruments on paid parental leave. While Australia ratified the UN Convention on the Elimination of All Forms of Discrimination Against Women (1979) it did so with a reservation against article 11.2 which requires countries:
- (b) *To introduce paid maternity leave with pay or with comparable social benefits without loss of former employment, seniority or social allowances’.*
- 2.34 Nor has Australia ratified ILO Convention 183 Maternity protection (2000) which requires countries to provide:
- *access to maternity leave for all employed women (including those in “atypical forms of dependant work”) (article 2);*
 - *a minimum of 14 weeks maternity leave, of which 6 weeks should be compulsory (article 4);*
 - *the delivery and level of cash benefits (article 6);*
 - *the burden of proof of non-discrimination to rest with the employer (article 8); and*
 - *Access to paid breast-feeding breaks (article 10).*
- 2.35 The ILO standard of 14 weeks is a minimum provision which most OECD countries exceed. Paid parental leave schemes differ considerably between countries, however most provide paid leave over and above the ILO standard.
- 2.36 The widespread international use of paid maternity leave demonstrates that many countries recognise its benefits.
- 2.37 Sweden has generous paid maternity leave provisions at 18 months and has the highest female workforce participation for women of child bearing age in the OECD. While Australia, without any national paid maternity scheme, has the one of the lowest workforce participation for women in the same age group.²⁶
- 2.38 The following are some International examples:²⁷
- The UK provides a total of 39 weeks parental leave with the first 6 weeks at 90 per cent of full income, 20 weeks the lesser of 90 per cent of full income or a flat rate and the remainder is covered by a maternity allowance.
 - Sweden provides a total of 18 months parental leave, of which 14 weeks is maternity leave. Twelve of the 18 months is paid at 80% of the parents prior earnings, three months at a flat rate and the remaining three months unpaid leave.
 - Austria provides a total of 39.2 months parental leave of which 16 weeks is maternity leave paid at 100 per cent of the mother’s prior earnings, and the remaining two years is parental leave. Eighteen months of the parental leave is paid at the unemployment benefit rate with the remaining six months unpaid.
 - Germany provides a total of 39.2 months of parental leave of which 14 weeks is maternity leave paid at 100 per cent of the mother’s prior earnings, with the remaining

²⁵ Except the State of California which does provide paid maternity leave

²⁶ Abhayaratna, J and Lattimore, R (2006) workforce participation rates – how does Australia compare? Productivity Commission Staff Working Paper Canberra

²⁷ See Appendix B for details of selected OECD countries paid parental leave schemes.

- three years classified as parental leave. Two years of this parental leave is paid at a flat rate, although it is income tested, with the remaining year unpaid.
- Finland and Norway both provide 36 months of parental leave, all of which is paid.
- 2.39 In addition, parental leave in several European and Scandinavian countries offers bonuses designed to encourage fathers to take paternity leave²⁸ and in some instances is supplemented with child care leave.²⁹
- 2.40 The ACTU proposal of the ILO standard 14 weeks is very reasonable in the international context. It is also an affordable and achievable first step towards international standards.
- 2.41 Australia must act now to be internationally competitive in terms of employment participation rates of mothers and the positive effect this has on the economy.

As one expectant mother puts it,

“Friends in the UK tell us that if we lived there, we’d be eligible for very generous paid maternity leave benefits (and a lower cost of living). I find it pretty amazing that such a wealthy country is lagging behind most other OECD countries in this key area.”

Sarah Oxenbridge³⁰

Ensuring all women receive paid maternity leave

- 2.42 The ACTU model advocates for a minimum payment at the federal minimum wage for all new mothers, regardless of whether they are in paid work or not.
- 2.43 This recognises:
- The casual and insecure nature of work for many women;
 - That women with children often move in and out of the workforce, and may not qualify for leave if it was dependent on a minimum length of service;
 - The value society places on having and raising a child;
 - The present and future economic benefits of population growth; and
 - The financial costs in having and raising a child.
- 2.44 By ensuring all mothers receive a minimum payment, women employed in ‘atypical dependent forms of work’ will be guaranteed entitlement, reflecting the ILO C183 Maternity Protection Convention.
- 2.45 As the National Women’s Consultative Council noted in its 1993 discussion paper on paid maternity leave, all women need support at the time of the birth of a child:
- “An argument in favour of universal payment can be made on equity grounds; it is inequitable that women who are in paid work get financial support while on maternity leave, whilst women who are working as full time homemakers are not eligible ...”³¹*
- 2.46 The universal nature of the ACTU model makes it simple, fair and consistent. Importantly it ensures that women in insecure employment are not excluded.

²⁸ For example, in Sweden 60 days of the total 480 days available may only be accessed by the father; and in Finland parental leave is extended if the father uses a certain amount of the leave.

²⁹ For example, in Italy, Denmark and Finland.

³⁰ Contribution made to ACTU “It’s long overdue Campaign”. www.rightsatwork.com.au April-May 2008

³¹ National Women’s Consultative Council: A Discussion paper on Paid Maternity Leave, AGPS 1993

3. LABOUR MARKET AND THE ECONOMY

- 3.1 Women make up almost half of Australia's workforce, and around 70 per cent of women of child bearing age are in paid work.³² Half tertiary and vocational education graduates are women.
- 3.2 High employment and high productivity are vital to sustaining a dynamic, prosperous Australian economy. High employment rates require high female workforce participation and improved productivity requires a skilled and experienced workforce.
- 3.3 There is a strong business case for employers to provide paid maternity leave and other family friendly work conditions. This includes being more productive, better able to retain skilled staff in a competitive labour market, and being recognised as an employer of choice.
- 3.4 A national paid maternity leave entitlement would recognise the important role women play in Australia's economy.

Improving female workforce participation

- 3.5 To cope with the current skills and labour shortage, Australia needs to boost female workforce participation. Australia ranks a lowly 20th in the OECD for workforce participation for women aged between 25-45 years old.³³
- 3.6 In 2003, Treasury modelling conducted as an adjunct to the first Intergenerational Report predicted that a 2.5 per cent increase in overall workforce participation rates would result in a 9 per cent increase in economic output by 2022, and would then account for an additional 9 per cent output each year over the next 2 decades.³⁴
- 3.7 A quarter of a million Australian women who are not in paid work have pre-school aged children. Their entry into the workforce would increase the national participation rate by 2 per cent. Even a modest increase of 1.5 per cent of female participation in the 25-45 age range would grow GDP by up to 1.25 per cent over the next 20 years, and hold this at an additional 1 per cent the following two decades.³⁵
- 3.8 Nationally, we need to do more to provide women with the opportunity to return to paid work when they are ready. This can be achieved through improving work and family provisions; paid maternity leave is an appropriate first step.

³² Women make up 44% of the overall labour force: ABS 6203.0 Labour force Australia August 2001

³³ Abhayaratna, J and Lattimore, R (2006) workforce participation rates – how does Australia compare? Productivity Commission Staff Working Paper Canberra

³⁴ Gruen, D and Garbutt, M, (2003) *The Output Implications of Higher Labour Force Participation*, Treasury Working Paper 2003 – 02, October 2003

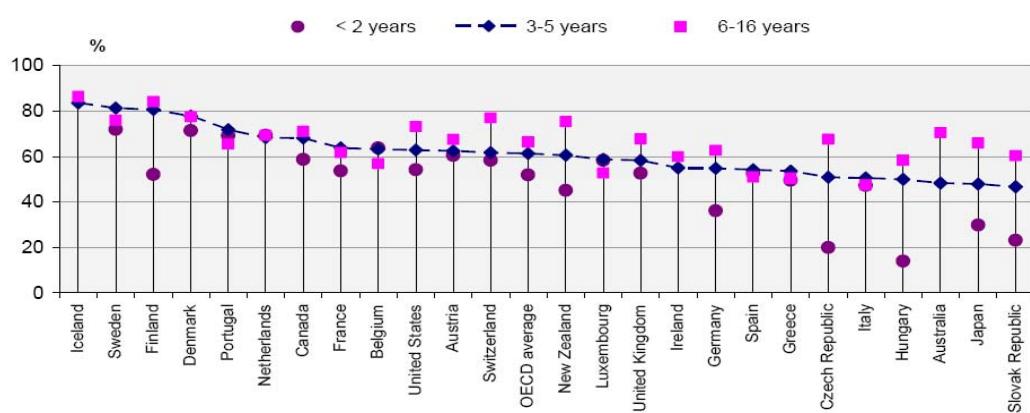
³⁵ Gruen, D and Garbutt, M, (2003) *The Output Implications of Higher Labour Force Participation*, Treasury Working Paper 2003 – 02, October 2003

Paid maternity leave encourages labour market attachment for women

- 3.9 Paid maternity leave encourages women to maintain attachment to the workforce.
- 3.10 Around 14 per cent of mothers resigned from paid work during their pregnancy despite over half of this group being eligible for unpaid maternity leave. Significantly, around one in five women who resigned indicated that they would have stayed in employment if they had access to paid maternity leave.³⁶
- 3.11 Many mothers would like to stay in the labour force. Sixty-four per cent of Australian mothers say they would prefer to have a paid job even if they did not need the extra income.³⁷
- 3.12 Australian women face more barriers with combining paid work and family than women employed in most other OECD countries. Paid maternity leave is a contributing factor to the low workforce participation of mothers in Australia.
- 3.13 On the link between paid maternity leave and female workforce participation, the OECD consider noted:

“..in countries with relatively well-developed systems of work/family reconciliation policies, women tend to have higher employment rates in their thirties (when their employment is most likely to be affected by child-rearing and child-care). Both formal child-care coverage of young children and paid maternity leave policies appear important from this perspective. The direction of causality is not, of course, clear. It may be that in counties where women are more present in employment, they are better able to press for benefits. However it seems unlikely that the causality runs entirely in that direction.”³⁸

Chart LMF2.2: Maternal employment rates by age of youngest child, 2005



Data for Australia, Iceland and Ireland refer to mothers with a youngest child aged less than 5. Countries are ranked in descending order of maternal employment rates with the youngest child aged between 3 and 5. Source: OECD Family database

³⁶ Whitehouse et al 2006b

³⁷ Glezer and Woolcott

³⁸ OECD 2001 Op Cit.

- 3.14 A UK study showed that women who had access to paid maternity leave were more likely to return to work. The study showed that of the 60 per cent of women who had access to four months paid and three months unpaid leave, low income or sole parent women generally returned to work after four months, while women on higher incomes with working partners generally returned at the end of seven months. Of the 40 per cent of those who had no access to the scheme, a clear majority did not return before their child was three years old.³⁹
- 3.15 This indicates that paid maternity leave is an effective mechanism to enable women to return to work. It also indicates that the period of payment is an indicator of when many women choose or need to return to work.

Cost savings to employers

- 3.16 Employers who have paid maternity leave schemes benefit from their employees returning to work. Research shows that 65 per cent of women who were eligible for and took maternity leave returned to work with the same employer within 12 months.⁴⁰
- 3.17 Increasing the incentive to return to work with the same employer reduces the significant costs associated with staff turnover. These costs include: separation costs, replacement and recruitment costs, training costs, and loss of productivity.
- 3.18 In retail alone, staff turnover costs \$397 million a year.
- 3.19 For employers the estimated costs of replacing staff ranges from 25 per cent to 200 per cent of the annual salary:
- Westpac calculates that staff replacement costs at \$40,000 for a staff member with eight years experience and \$60,000 for a senior manager.
 - The Victorian Women Lawyers estimates the cost of replacing a forth year lawyer ranges from: \$61,400 for a small firm, \$71,600 for a medium firm, to \$145,000 for a large firm.⁴¹
 - Even in less skilled positions, recruitment costs are significant. A major retailer has found that it costs a minimum of \$3,800 to recruit a new full time employee. This does not include calculation for training cost or loss of experience.

³⁹ Burgess et al. 2002

⁴⁰ Australian Institute of family Studies "Maternity leave in Australia: Employee and Employer Experiences- Report of a Survey, Commonwealth of Australia, Melbourne 1988 pp 15-16.

⁴¹ Victorian Women Lawyers Submission to the HREOC 2002

- 3.20 In this context paid maternity leave is a valuable investment for business. The National Pay Equity Foundation estimate that “[t]he cost of losing an employee can be around a year's salary while paid maternity leave of 14 weeks costs just over a quarter of a year's pay.”⁴²
- 3.21 Rosemary Kelly of the Holden Company reported recently that providing paid maternity leave was a business issue for Holden. “We were losing our talented employees who happened to be female and those women we had invested heavily in. So it was a huge knowledge drain from our organisation and we wanted to stop that.”⁴³
- 3.22 Ninety per cent of Holden's employees who have babies now return to work after their paid leave.⁴⁴
- 3.23 The New Zealand Equal Employment Opportunities Trust reports return to work rates increases following the introduction of paid parental leave. The lowest reported increase was 10 per cent (from 59 per cent to 69 per cent), whilst the highest increase was from 20 per cent to 80 per cent. In four of the seven companies the return to work rate after the introduction of paid parental leave was at 90 per cent or above.⁴⁵
- 3.24 The government component of the ACTU model would assist smaller business to provide paid maternity leave, increasing their ability to retain key staff.
- 3.25 The benefits of paid maternity leave in reducing staffing costs for business, improving productivity and workforce participation are benefits that are good for the Australian economy as a whole. These mutual benefits are reflected in the ACTU model, which shares the costs between the government and employers.

Maximising the return on education and training

- 3.26 Employers and the economy benefit through maximising the community investment in education and training through retaining skilled women in the workforce.
- 3.27 Not only has there been an increase in the number of women employed in the paid workforce, greater access to further education and training has meant that women are highly valuable to the labour market.
- 3.28 Women now make up 58 per cent of all bachelor degree commencements.⁴⁶ And in 2006, females made up 48 per cent of the 1.7 million students in the public VET sector.⁴⁷

⁴² National pay Equity Foundation Submission to HREOC 2002

⁴³ ABC The 7.30 Report, "Paid Maternity Leave Could Replace Baby Bonus" 6 may 2008

⁴⁴ ABC The 7.30 Report, "Paid Maternity Leave Could Replace Baby Bonus" 6 may 2008

⁴⁵ Mc Naughton, T, Executive Director, EEO Trust, Paid Parental Leave- An Opportunity for Employers. Presentation to the New Zealand Chamber of Commerce and Industry, October 2001

⁴⁶ ABS 4102.0 Australian Social Trends 2001, p.92

⁴⁷ Statistics 2000- Women in VET at a Glance, NCVER 2006

- 3.29 Not only are more women participating in the paid labour force, but they are now having children at the age which coincides with the peak of their careers. The median age of new mothers is now 30.8 years old.⁴⁸
- 3.30 The necessity for the economy to keep these skilled and experienced women in employment is significant. To retain skilled and experienced women in the labour market there needs to be policies that support combining work and family. Universal paid maternity leave is an appropriate first step.

One mother makes this point,

"Whilst I am truly appreciative of how relatively forward thinking my employer is I think a federally funded scheme will help distribute the need across all demographics and help, in particular with my industry (consulting engineer) retaining women in their workforce."

Donelle Watt⁴⁹

- 3.31 During the current skill shortage it makes sense for the Government and employers to invest in implementing policies that will retain and return skilled women into the workforce.
- 3.32 These benefits were recognised thirty years ago in the Maternity Leave Test Case when Australian Industrial Relations Commission (AIRC) stated that maternity leave could "*secure the retention of skills and abilities which might otherwise be lost to industry.*"

Attracting skilled labour

- 3.33 To remain internationally competitive, Australia must have a competitive labour market. The Australian labour market is affected by whether highly skilled, highly mobile workers see Australia as an attractive place in which to raise children. Currently, this cannot be said to be the case, given the far more generous maternity entitlements provided by most other OECD countries. As one woman's submission to a HREOC report on paid maternity leave stated:

"I arrived as a permanent resident visa holder in Australia eight years ago from the Netherlands where I was educated and gained work experience in several European countries ... when people ask me why I never became an Australian citizen, I have pointed out in the past that as a woman my social support, education and employability overseas would be at risk if I did. Even more vividly so now we are contemplating a second child my family and I would be better off if we moved to Europe. I could continue to work, receive paid maternity leave entitlements and earn a higher wage. Like myself, other higher skilled employed permanent resident women will most likely take this option into account."⁵⁰

⁴⁸ The proportion of women aged between 25-29 who had not had a child increased from 35% in 1986 to 64% in 2006. Since 2000, women in the 30-34 age group have become the peak fertility age group. In 2003, fertility of women aged between 35-39 exceeded that of women aged 20-24 for the first time with the trend continuing. ABS Births, Australia 3301.0 2006, pp.11-14.

⁴⁹ Contribution made to ACTU "It's long overdue Campaign". www.rightsatwork.com.au April-May 2008

⁵⁰ Submission of Martje McKenzie to HREOC 2002

Increased productivity

- 3.34 Paid maternity leave improves national productivity. The 2007 OECD Employment Outlook states: "*if countries with no paid maternity leave (such as the United States) introduced it [paid maternity leave] at the average OECD level (15 weeks) they could increase their multi-factor productivity by 1.1 in the long run.*"⁵¹
- 3.35 Paid maternity leave potentially reduces the use of sick leave and the related cost for employers. If mothers feel compelled to return to work early due to financial pressures, they and their child are less likely to be well adjusted and healthy.
- 3.36 The Australian Retailers Association considered that:

*“...any scheme designed to ensure optimum health of mothers and their infants and to support families at this important time of their lives will have a benefit to employers by ensuring that women have had sufficient opportunity to recover from the birth and are better prepared for their return to work.”*⁵²
- 3.37 Paid leave for breastfeeding also leads to reduced absenteeism. The NZ Equal Employment Opportunities Trust cites studies showing absenteeism amongst parents of breastfed babies are seven times lower than bottle-fed babies.
- 3.38 In addition, paid maternity leave reduces the health and safety risks of pregnant women working right up to the expected birth date because they cannot afford to leave the workplace earlier.⁵³

Loyalty

- 3.39 Employer support for families can lead to improved loyalty, improved effort, and better reputation amongst customers.
- 3.40 According to the Law Institute of Victoria, paid maternity leave and family friendly work practices are critical to the retention of female lawyers beyond their fifth year of practice:

*“The introduction of flexible work practices [including paid maternity leave] resulted in almost irreplaceable knowledge, experience and client relationships being kept within the firm while simultaneously fostering a strong sense of loyalty and motivations among those staff members...[This meant a reduction in] the cost to the firm of replacing the lawyer, the loss of investment... and the cost to other practitioners in having to cover for their departed colleague.”*⁵⁴
- 3.41 The ACTU model encourages employers to provide benefits in addition to their minimum requirement. This enables those employers already providing paid maternity leave the capacity to continue their status as employers of choice.

⁵¹ OECD Employment Outlook. 2007 p81

⁵² Australian Retailers Association Submission to HREOC 2002

⁵³ Employers consultation, HREOC, Adelaide, June 13 2002

⁵⁴ Victorian Women Lawyers Submission to the HREOC 2002

4. FINANCIAL ASSISTANCE FOR FAMILIES AT THE TIME OF BIRTH

The importance of maternal income to households

- 4.1 Despite Australia's relatively low maternal employment rate for mothers of infants, there is some evidence that a significant number of women return to work earlier than they consider optimal for their babies' wellbeing due to financial pressure. It is undesirable that some mothers have to trade the cost of even short periods of unpaid leave with their desire stay home and care for newborn babies. A survey of its members by the Finance Sector Union reported that nearly half of the 182 respondents indicated that they might have to return to work earlier than they would like because of their financial situation.⁵⁵
- 4.2 Increasingly families rely on women's wages to survive. In 2006, sixty per cent of all couple families with dependents under 15 have both adults in paid work, up from 55 per cent a decade earlier.⁵⁶ The financial pressure associated with foregone maternal income pressure is greatest on low-income families.
- 4.3 In recent years cost of living increases have been disproportionately associated with increases in the prices of non-discretionary items such as food, petrol, housing, health care and childcare.⁵⁷ This places considerable financial strain on low-income families where the proportion of families' income spent on these basics is greatest.
- 4.4 Families are struggling with increased costs of housing.⁵⁸ Couples find that two incomes are necessary to meet mortgage payments,⁵⁹ rental commitments,⁶⁰ and household debt.⁶¹
- 4.5 Job security has declined over recent decades. Over two million workers are in non-permanent work such as casual or contract workers and receive no paid leave entitlements. Casual employment has spread to sectors of the labour force beyond the stereotypical students and mums. In 2007 around 15 per cent of men aged 25-34 were employed on a casual basis.⁶² Paid maternity leave would add an element of security to family incomes at the time of the birth of the child.

⁵⁵ Finance Sector Union, Submission 161 to HREOC Inquiry into a National Paid Maternity Leave Scheme, 2002, p.5.

⁵⁶ 2. ABS 4102.0 Australian Social Trends 2007 p34.

⁵⁷ For example, against a back drop of projected 2.5 per cent CPI for 2007-08 and an average wage growth for 2006/7 of 4 per cent, Automotive fuel (as measured by CPI) increased by 18.9 per cent over the year, Childcare costs have increased by 14.6 percent since 2006. Food (as measured by CPI) up 5.7 per cent over last year. Utilities up 7.9 per cent, including electricity up 10 per cent. Private health insurance costs rose by 4.5 per cent in 2006.

⁵⁸ For example, house prices increased over the past twelve months alone by 25.9% in Melbourne, 21.6 per cent in Adelaide and 20.8 per cent in Brisbane: The Age May 6 2008; Housing prices in Sydney have risen by 677 per cent in the past two decades: BIS Schrapnel, Building in Australia 1991-2005. The average loan size for first home buyers in Australia has increased by 70 per cent increase over a decade in first home prices which are usually purchased close to the time of family formation.

⁵⁹ Where the average mortgage repayment in 1976 was 6.5 per cent of average weekly earnings, it is now 52 per cent of average weekly earnings.

⁶⁰ Rental prices have also increased dramatically (as measured by CPI) up 7.1 per cent over last year. Rent of \$140-\$150 per week is about one third of a family with a single earner on the federal minimum wage after income tax.

⁶¹ Australians are paying more than \$500 million a month just in interest on credit card debt – 20 per cent more than a year ago, and almost twice as much as their cards cost them four years ago.

⁶² ABS 6359.0 Forms of Employment 2007

- 4.6 One expectant mother commented:

“...[W]e've had 6 mortgage interest rate rises since December, and with food and petrol and utilities prices increasing, we're going to really struggle on one income. We're really scrimping at the moment, but we'll be in trouble if one of us needs expensive dental work, or our car breaks down, or if the baby needs to go to the doctor regularly- after we've paid the mortgage and monthly bills, we're left with basically nothing. This is really playing on our minds and making us feel pretty stressed at a time when we should be excited and happy about the baby's arrival. I'm also concerned about returning to work and finding a job that will pay me more than daily child care costs...I constantly wonder how other families who earn less survive on one (or no) income for the period that the mother is off work, caring for the baby. They must just survive on debt... which might be our situation in a few months.”

Sarah Oxenbridge⁶³

- 4.7 A period of paid parental leave may indeed be a crucial factor in a family with a newborn to care for who are financially struggling to keep their heads above water.

Sole parents

- 4.8 While most sole parent families are the result of breakdown of couple families, a small minority are the result of births to single women. This group of new mothers are particularly vulnerable without financial assistance at the time of the birth of the child. Many of these mothers remain in paid employment despite having very young children,⁶⁴ but remain low income.⁶⁵ For these mothers a period of guaranteed paid leave from work at federal minimum wage is an important alternative to a welfare style income.

Interaction with social security and other government programs

- 4.9 Any system of paid parental leave scheme will need to interface with the existing tax and social security arrangements. The introduction of paid maternity leave should not leave families worse off than they are under the existing regimes. Although 14 weeks of taxable paid maternity would *prima facie* be included as income for the purpose of income tests on family tax payment. We would encourage the Commission to undertake the modelling to determine if a particular group of families would be disadvantaged by the receipt of maternity leave payments treated as taxable income. If the effect was to increase the effective marginal tax rates consideration should be given to exclude paid maternity leave as income for purposes of social security.
- 4.10 We note that the government has commissioned a wholesale review of the tax system, which might itself lead to changes in the family tax and childcare support regimes. If the Commission recommends the introduction of paid maternity leave, the tax review should consider more efficient targeting of support more reflective of the key stages of a child's development and the families concomitant needs.

⁶³ Contribution made to ACTU “It's long overdue Campaign”. www.rightsatwork.com.au April-May 2008

⁶⁴ Recent census data suggests 34 percent of lone mothers whose youngest child is under 2 are in the labour force.

⁶⁵ For lone parents the median weekly income of the parent increased from \$390 for those whose youngest child was aged 0-2 years, up to \$575 for those whose youngest child was aged 15-17 years. ABS Family Characteristics 2003.

5. MATERNAL, CHILD AND FAMILY WELL BEING

- 5.1 Paid maternity leave will contribute to improved child and maternal health outcomes, especially for low paid women. Introduction of a paid maternity leave scheme reflects the proper role of government in preventative health practices. In addition to paid leave, the Commission is asked to recommend the National Employment Standards be amended to provide for paid leave for ante natal visits, paid breastfeeding breaks, and improved return to work arrangements for parents after parental leave.

Healthy Mothers

- 5.2 Income security allows adequate time to recover from the physical and physiological impact of birth, including caesarean deliveries, which demand a longer recovery time. First time mothers in particular also need a period of time to make the necessary emotional and social adjustments.
- 5.3 During 2000 the ILO rigorously evaluated the international medical evidence when it extended the Maternity Protection Convention from 12 to 14 weeks. The need for a decent period for post partum recovery was highlighted in research at Canberra Hospital that showed that a high proportion of new mothers experience pain and difficulties for up to 6 months after giving birth.⁶⁶
- 5.4 The Commission should recommend a new entitlement for pregnant women to attend ante natal visits without loss of pay.
- 5.5 In 1999, the Federal Sex Discrimination Commission investigated the extent to which pregnancy is properly accommodated in the workplace.⁶⁷ The report noted that pregnancy and birth do not constitute an illness and therefore do not give rise to an entitlement to take sick leave.
- 5.6 Since that time many industrial instruments have been amended to combine sick and carers' leave into an aggregated entitlement to personal leave. The draft National Employment Standard proposes 10 days per annum paid personal leave, which is available for personal illness, or to provide care and support to a member of the employee's immediate family who is ill or where there is an unexpected emergency. On a strict reading ante natal visits are not included within the purpose of paid or unpaid personal leave. As such women have no *entitlement* to leave to attend ante natal appointments.
- 5.7 A separate entitlement would ensure that pregnant women do not deplete their personal leave during pregnancy.
- 5.8 The ACTU has long maintained that the aggregation of personal leave has an indirect discriminatory effect, in that workers with caring responsibilities must "make do" with 10 days leave to cover their own illnesses and their caring roles, while workers without caring responsibilities have the entire entitlement available if they get sick themselves. By recommending a separate entitlement the Commission could ensure that women have access to leave without compounding this effect.

⁶⁶ Study Highlights Later Problems, The Age, 10 June p.26

⁶⁷ Sex Discrimination Unit, HREOC (1999) Pregnant and Productive –Report of the National Pregnancy and Work Inquiry

- 5.9 We envisage the entitlement would be subject to reasonable proof of the appointment, and could also require the mother to try to schedule appointments to minimise the disruption to her workplace. The amount of leave would normally be limited to leave to meet the typical schedule of visits for a healthy pregnancy. Ideally it would have inbuilt capacity for extra leave if the pregnancy is difficult, or access to ante natal care was limited due to remoteness or other factors.

Concurrent parental leave

- 5.10 In addition to paid maternity leave, the Commission should consider measures to facilitate the mother's partner, and potentially other family members, to take leave from work to provide emotional and practical assistance to the mother.
- 5.11 Until recently, only one week of unpaid leave was available to a mother's partner at the time of the birth of the child.
- 5.12 During 2003, the ACTU made a claim in the AIRC that up to eight weeks of the families' parental leave entitlement should be able to be taken concurrently. We relied primarily upon post partum recovery rates. Although also pointed to evidence of increased caesarean deliveries, increased multiple births, and so forth.
- 5.13 In 2005, in the Family Provisions Case, the AIRC awarded parents the right to request up to eight weeks concurrent unpaid leave following the birth of a child, which the employer could refuse on reasonable business grounds.
- 5.14 Earlier this year the government released an exposure draft of its Parental Leave National Employment Standard. This draft provides for an entitlement of three weeks concurrent leave, but does not include the right to request up to eight weeks. While three weeks is an improvement on the previous one week entitlement, it does not acknowledge the physiological factors which govern post-birth recovery. The ACTU encourages that this provision be revised to entitle parents and partners to 8 weeks concurrent leave.

Healthy babies

- 5.15 The early childhood years (including the pre natal period) are especially important for an individual's future health, as well as the development of their emotional, social and mental capabilities. There is a positive correlation between paid parental leave and infant health and development.⁶⁸
- 5.16 Evidence from the United States suggests that 14 weeks parental leave may be too short a period. The research suggests there are adverse effects on the child's health and development when mothers return to (especially fulltime) work within three months.⁶⁹ While different childcare and health care systems suggest that this research is not applicable to the Australian context, it does underscore the important role of paid maternity leave as a means to extend the period of time a mother spends with her baby, and supports our call to allow the payment to be spread over 6 months.

⁶⁸ Ruhm 2000; Winegarden and Bracy 1995; Tanaka 2005; Waldfogel 2006.

⁶⁹ Berger et al 2005; Ram et al. 2004

Breast feeding

- 5.17 One of the most important reasons to fund a women's leave is to encourage the establishment of breastfeeding. Breastfeeding has significant health benefits for both babies and mothers.⁷⁰ These benefits extend into the child's adult life by reducing the risk of depression in teenage years and the incidence of obesity in later life.⁷¹ In Canada the introduction of paid maternity leave was associated with significant increases in breastfeeding.⁷²
- 5.18 Despite the World Health Organisation (WHO) recommending that babies be exclusively breastfed until 4-6 months, fewer than half of Australian babies receive any breast milk by the age of six months.⁷³ Studies show that returning to work is a major reason for early weaning,⁷⁴ with return to work cited at the most significant factor for mothers weaning six weeks after birth.⁷⁵ Mothers who return to fulltime work before three months are twice as likely to cease breastfeeding before their baby is six months old than mothers not in the workforce.⁷⁶ It is not only fulltime employees who wean their babies. Returning to work within six months of the birth on a part-time or casual basis is also associated with early weaning.⁷⁷

Breastfeeding breaks

- 5.19 The introduction of regular 30 minute paid breastfeeding breaks for lactating mothers and a requirement upon employers to provide access to appropriate facilities (eg a fridge for storage of expressed milk) should be mandated across Australia. The New Zealand parliament is currently considering the Employment Relations (Breaks and Instant Feeding) Amendment Bill that requires all employers to provide facilities and unpaid breaks to enable working mothers to breastfeed or express milk where it is reasonable and practical.

Maternal employment and child poverty

- 5.20 Maintaining maternal labour market attachment is not only important for women's economic security, independence and fulfilment. As discussed earlier, the maternal income plays an increased role in total household income.
- 5.21 There is evidence that maternal employment is positively associated with lower child poverty. The UK *Work and Competitiveness Report* noted that:

"Women's incomes and earnings are therefore increasingly important as a defence against poverty and in determining the opportunities available to their children. This is particularly true of lone mother households. It is highly relevant that one in six families fall into poverty as a result of the birth of a child. The impact of having a child on women's future earnings and employment patterns will then continue to affect future household income."⁷⁸

⁷⁰ See the meta study by the American Academy of Pediatrics (2005).

⁷¹ Kramer et al. 2001

⁷² Baker and Milligan 2007

⁷³ Cooklin, a., Donath, S., and Amir, L, Maternal Employment and Breastfeeding: Results from the Longitudinal Study of Australian Children, to be published in Acta Paediatrica

⁷⁴ Balancing Breastfeeding and Work, Commonwealth of Australia, 2000.

⁷⁵ Baker and Milligan 2007

⁷⁶ Cooklin, a., Donath, S., and Amir, L, Maternal Employment and Breastfeeding: Results from the Longitudinal Study of Australian Children, to be published in Acta Paediatrica

⁷⁷ Cooklin, a., Donath, S., and Amir, L, Maternal Employment and Breastfeeding: Results from the Longitudinal Study of Australian Children, to be published in Acta Paediatrica

⁷⁸ Work and Parents: Competitiveness and Choice Research and Analysis, DTI 2000, p.13

- 5.22 The poverty risk for a single parent is large compared to couple families. A 2000 OECD report showed Australia's poverty rates for working lone parents was 9.3 per cent and for non-working lone parents was 42 per cent.⁷⁹ Australia had comparatively low levels of labour market participation by sole parents. Whilst taxation and income substitution programs are the key social interventions, which affect labour force participation, parental leave and service provision (especially affordable childcare) also affect maternal labour force participation.⁸⁰
- 5.23 By encouraging labour market attachment paid maternity leave will, with other measures, assist parents, especially lone mothers, avoid long periods out of the labour force, and hence minimise the risks of child poverty.

⁷⁹ Defined as the proportion of people living with incomes below 50% of the median adjusted household disposable income of the entire population

⁸⁰ OECD 2001, p.154

6. EQUITY

Human Rights and Equity

- 6.1 The international community has long supported paid maternity leave as a means to address discrimination. The preamble to Article 11.2 (b) of Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) states:

"In order to prevent discrimination against women on the grounds of marriage or maternity and to ensure their effective right to work, Parties shall take appropriate measures:

To introduce maternity leave with pay or with comparable social benefits without loss of former employment, seniority or social allowances."

- 6.2 This preamble recognises that paid maternity leave is an essential element to overcoming systemic discrimination against women, because it provides women with income security. Paid maternity leave recognises that men can become parents without disrupting their work, women cannot. The provision of paid maternity leave acknowledges a woman's equal right to continue to participate in paid work despite her family responsibilities.

The labour force functions in a discriminatory manner

- 6.3 Lack of access to unpaid leave, and lack of access to flexible return to work options mean many women resign from their job to have a baby and attempt to re-enter the labour market again. These women lose the seniority and access to training and career paths associated with job continuity. They also lose entitlements crucial to balancing work and family such as sick leave, annual leave and long service leave when they resign. One woman said of the penalty associated with changing jobs:

"...I considered resigning my position. I spent many sleepless nights trying to work out what was best for my family and me. If I left I would lose a job that I was good at. I would also lose long service leave (that I wanted to take in 2005 when my eldest daughter starts school); 900 hours of sick leave; security and might not be able to get another position that allowed me to work 0.5 part-time."⁸¹

Gender Pay Inequity

- 6.4 Non-managerial women in fulltime employment currently earn 84.6 per cent less than full-time men. When part-time employment is included, women earn only 67 per cent of male earnings, or \$271 less per week.

- 6.5 While the gender pay equity gap is not entirely due to family responsibilities, there is no doubt that having a child has a profound effect on women's employment patterns and earnings. Paid maternity leave would:

- Directly assist to narrow the pay equity gap by providing payment for the short period of leave associated with the birth;

⁸¹ Beth Frere, ACTU Work and Family Test Case Submission, ACTU 7, p.81

- Have a further minor direct effect if the model adopted allows such payment to be treated as income for the purpose of accruing leave and calculating superannuation contributions;
- Allow women to maintain a “buffer” of annual leave and/or long service leave accrual for periods without pay at other stages of their working life; and
- Encourage women’s labour market attachment.

One mother reflects,

“Today, as I approach retirement, I find that my financial situation and career development was, in part, helped by paid maternity leave and I have saved the government money by being a full time tax paying citizen.”
Anonymous⁸²

Equity in Retirement

- 6.6 The ACTU proposes that the payment include a contribution to the mother’s nominated superannuation account equivalent to 9 per cent of 14 weeks pay at either the federal minimum wage, or topped up by the employer to ordinary time earnings. In part this is simply for consistency, as all income treated as ordinary time earnings for income tax purposes should also be part of the earnings base for the calculation of superannuation.⁸³
- 6.7 More significantly though this is an important equity measure, and would address in part the disadvantage that women face in saving for their retirement. While women live longer than men, their retirement savings are significantly less than men’s savings. This is due to lower salaries, broken employment, and high levels of part time employment. The table shows the extent to which female and male savings diverge once women reach child bearing age.⁸⁴

Age	Male	Female
25-35	\$15,823	\$11,751
35-45	\$39,069	\$17,412
45-54	\$78,183	\$31,851
55-59	\$108,359	\$42,379
60-64	\$108,377	\$36,614
All	\$56,405	\$23,899

- 6.8 The ACTU has used the ASIC superannuation calculator to project the estimated return to a mother of an additional three months contribution to superannuation. In a balanced portfolio the calculator predicts three months contribution added over \$3,000 to the mother’s final account balance.⁸⁵

⁸² Contribution made to ACTU “It’s long overdue Campaign”. www.rightsatwork.com.au April-May 2008

⁸³ Curiously the ATO has chosen to distinguish employer funded paid parental leave (which is not considered part of the earnings base) from employer funded annual or long service leave (which are considered part of the earnings base).

⁸⁴ Clare, Ross.2007 Are retirement savings on track? Association of Superannuation Funds of Australia. Available at www.superannuation.asn.au

⁸⁵ Using the standard ASIC assumptions about earnings on a balanced fund, we entered data for a woman aged 30, and earning \$50,000 per annum. Under the first scenario we assumed she took 12 months unpaid leave. The calculator predicted a final balance of \$298,000 by age 65. We then altered the assumption to provide the same women receiving superannuation on 3 months of her unpaid leave. The calculator predicted a final account balance of \$301,000 by age 65. <http://www.fido.gov.au/fido/fido.nsf/FIDO%20CalcW?readForm&title=Super%20calculator>

Equitable Sharing of the Caring Role

- 6.9 Paid parental leave will support changing community values around work/family balance and the role of fathers as carers of children.
- 6.10 Ironically, Australia's current regime of unpaid maternity leave is associated with increased hours of work for fathers of young children. Preliminary data from the HILDA survey shows that fathers of young children work on average nearly five more hours than similar aged men without dependants.⁸⁶
- 6.11 Paid maternity leave would relieve fathers of the pressure to replace maternal earnings, allowing them time to bond with their new baby, and encouraging shared caring responsibilities.
- 6.12 Work and family reconciliation policies can assist families develop more equitable sharing of caring responsibilities, which will ultimately lead to a more equitable community. A comparative study of Australian and Finnish economies showed a much smaller gap between male and female time spent on domestic activity in Finland compared with Australia. The study concluded that the extent of Finnish government support for families (including 10.5 months paid parental leave for young babies, well funded child care and/or income support up to the child's third birthday and government assistance for part time work) had a positive influence on equality of caring responsibilities between mothers and fathers.⁸⁷

⁸⁶ Household Income and labour Dynamics in Australia (HILDA), Australian Institute of family Studies, Family relationships Quarterly Issue 5, p.13

⁸⁷ Bittman, M., Parenthood Without Penalty: Time Use and Public Policy in Australia and Finland, Feminist Economics 5(3) 1999, pp.27-42.

7. COSTING ESTIMATES

- 7.0 The ACTU estimates that the *net direct* cost to government of our scheme is \$518 million.
- 7.1 For employers, there is *no cost* for three out of ten new mothers, and the top up of paid maternity to ordinary time earnings will cost a majority of employers less than \$600.
- 7.2 While our capacity to accurately cost our scheme is limited by a lack of publicly available data on a number of important variables, we believe we have used conservative assumptions where we have had to rely on less than full data.
- 7.3 Further, we have not costed the *indirect* savings to government that might flow from a reduction in family tax benefits, reliance on parenting payment or childcare benefit if paid maternity leave were to be counted as income for the purpose of these payments. These would further reduce the cost to government of our scheme.
- 7.4 The ACTU costing assumes that all mothers receive the government component of the paid maternity leave, and does not assume any savings from means testing the payment to high-income families.

Cost to government

- 7.5 The ACTU estimates the net additional cost to government of introducing our scheme is \$518 million.
- 7.6 The ACTU estimate is based on the following components:
 - (1) The net cost of the 14 weeks at fulltime adult federal minimum wage, plus
 - (2) The net cost of superannuation, plus
 - (3) The multiple birth allowance.
 - (4) These costs are offset by the abolition of the baby bonus.

(1) Net costs of 14 weeks at federal minimum wage

We have applied a *gross* cost to government of \$7,309.68 (14 weeks at fulltime adult federal minimum wage) amounting to \$1.74bn.

The *net* cost is calculated by deducting the tax payable at each income range. We have used unpublished ABS labour force and births data to predict the number of mothers by each income range.

We calculated the personal income tax and Medicare levy based on an additional 14 weeks income per mother. However, to account for the fact that births are spread across the tax year we discounted maternal income by factor of 50 per cent conservatively assumed that mothers do not return to paid employment in the tax year that their baby is born. This resulted in revenue of \$194 million.

We also discounted the revenue estimates ensure we were not double counting revenue already received on existing employer funded paid maternity leave schemes. We did this by assuming that the new tax receipts are the lesser of the tax payable on 14 weeks ordinary time earnings or the tax payable on the \$7,310 government funded component.

(2) Net cost of superannuation component

To this cost we *add* the net cost to government of the superannuation component to be \$39.94 per week (\$46.99 less tax at 15 per cent) or \$559.19 over 14 weeks = \$148.4million

(3) Cost of multiple birth allowance

We added \$22.5 million to allow for a \$5,000 payment in respect of an estimated 4500 multiple births per annum.

The total outlays were \$1.92bn.

(4) Less savings from abolition of baby bonus

Savings from abolition of the baby bonus are estimated at \$1.404bn dollars.⁸⁸

Cost to employers

- 7.7 The cost of the employer top up is directly associated with the mother's ordinary time earnings.
- 7.8 ABS data indicates that 57 per cent of all mothers (which includes almost a third of employed mothers), earn less than the fulltime adult minimum wage, and therefore will rely entirely upon the government contribution.
- 7.9 More than half of employed mothers earn less than \$29,187.
- 7.10 This means there are 20 per cent of mothers earning more than the federal adult minimum wage, but less than \$29,187. For this group, the cost to employers is under \$600.
- 7.11 Another 20,000 mothers, or around 10 per cent of employed mothers, earn less than \$750 per week, or \$39,090 per year. Employers of these women will be required to pay just \$3,477 to top up the mothers earnings and superannuation to ordinary time earnings.
- 7.12 While the cost obviously rises as maternal income rises. However the distribution of maternal incomes means that only 7.5 per cent of employed mothers earn a high enough income for the employer component to amount to more than \$10,000. For many employers this cost would be offset against existing parental leave payments. Given that higher paid women are more likely to already receive paid maternity leave, the number of employers for whom this would represent new costs is likely to be limited.
- 7.13 These costs must be offset against the benefits to business outlined earlier, including the costs of permanently replacing staff, loss of business knowledge and business continuity, and failure to capitalise on investment in staff training, all of which increase with the seniority and skill level of the employee.

⁸⁸ [http://www.fahcsia.gov.au/internet/facsinternet.nsf/VIA/budget2008-09/\\$File/2008-2009_FaHCSIA_PBS_03.pdf](http://www.fahcsia.gov.au/internet/facsinternet.nsf/VIA/budget2008-09/$File/2008-2009_FaHCSIA_PBS_03.pdf) page 87. Note this data appears to assume 281,000 families would receive the bonus in 2009, compared to the ACTU costing based on 265,450 births. It is unclear on what basis an additional 15,500 payments per annum are predicted, other than the extension of payments in respect to adoptions to children under 16. If there were an additional 10,000 births or adoptions of children under 5 the cost to the ACTU would be \$78million.

Annual income	Number of employed mothers	Cumulative proportion for employed mothers	Employer top up to OTE plus superannuation
\$0	1451	0.8	NA
\$5,212	16377	9.6	NA
\$13,030	10557	15.3	NA
\$18,242	13025	22.3	NA
\$23,454	14454	30.1	NA
\$28,666	16805	39.1	\$425.45
\$29,187	21568	50.8	\$578.05
\$39,090	19487	61.2	\$3,477.45
\$44,302	15902	69.8	\$5,003.45
\$49,514	11945	76.2	\$6,529.45
\$57,332	19582	86.8	\$8,818.45
\$67,756	10629	92.5	\$11,870.45
\$78,180	4882	95.1	\$14,922.45
\$88,604	3297	96.9	\$17,974.45
\$99,028	5723	100.0	\$21,026.45
	185684		

Other provisions to support working families

- 7.14 It should be noted that paid maternity leave is only one part of a comprehensive package of measures required to support Australian families whatever their composition, promote the welfare of children, respect the choices families make, and enhance equity in our workplaces and society.
- 7.15 In this submission, the ACTU has focussed on the attainment of a paid maternity leave scheme because in our view this is currently the most critical area of need for families.
- 7.16 Given the existing commitment to the current baby bonus, the Australian Government is now in a unique position to convert that budget expense into a paid maternity leave scheme that reflects international standards and sets a sound policy base on which to build future improvements.
- 7.17 These future improvements should include:
- Additional paid parental leave (paternity or maternity at the families' choice);
 - The right to 8 weeks concurrent parental leave;
 - Improved return to work provisions;
 - Paid breast feeding breaks and leave to attend ante natal appointments; and
 - Improved right to request flexible workplace arrangements.

8. ADDITIONAL MATTERS RELATING TO THE ACTU MODEL

Eligibility

- 8.1 All new mothers and adoptive parents of children under the age of 5 would be eligible for the government component. This includes casual employees, who would be eligible for paid maternity leave at ordinary earnings or an average of their past earnings.
- 8.2 There should be no requirement for labour market attachment for the government component.
- 8.3 The ACTU does however recognise the cost to business in paying maternity leave for new employees. The model provides for universal government funded component for all mothers, but limits employer top up until 6 months of service.
- 8.4 There should be no time based restriction on taking second or subsequent periods of leave.
- 8.5 There will be no exclusion eligibility based on the number of hours worked per week, or on their weekly wage. The ACTU notes that most of these women would be on low incomes and entitled only to the government maternity payment at the federal minimum wage.⁸⁹

Minimum period of paid leave

- 8.6 Article 4 (1) of ILO Convention No. 183 on Maternity Protection 2000 states that “a woman to whom this convention applies shall be entitled to a period of maternity leave of not less than 14 weeks”. As noted earlier Australia complies with this minimum by providing 52 weeks absence from work, but without payment. A national scheme should, as a minimum standard, conform to ILO C183, and introduce 14 weeks paid maternity leave. Fourteen weeks would at least protect the health of the mother, give her the best chance of establishing breastfeeding, and reflect the limited availability of formal childcare for babies under 13 weeks. This should be a first step, aiming to reach the provision of 18 weeks contained in ILO Recommendation 191.
- 8.7 The ACTU also draws the productivity Commission’s attention to recent literature on post-partum recovery and the benefits of longer term breastfeeding. To facilitate longer periods of leave, where this is the families’ choice, recipients should be able to elect to take the payment at half pay over double the period.
- 8.8 The ACTU notes moves by some Australian employers (notably the Australian Catholic University) to provide 12 months payment at variable levels. We note that this is consistent with trends in developed nations. Greece, Spain, Canada, Austria, the Netherlands, Switzerland, Belgium, France, and Luxembourg provide 15-20 weeks paid leave. Italy, Portugal, the UK, the Czech Republic, Hungary, and the Slovak Republic provide 20-30 weeks, and Denmark, Finland, Norway and Sweden, providing 30-64 weeks paid leave. In this context, the ACTU proposal is modest and achievable.

⁸⁹ 78% of part time women earn under the federal minimum wage ABS cat no. 6310.0 Aug 2007

Calculation of Earnings

- 8.9 Where a woman's income has varied during the course of the previous year, averaging of wages over a period of time could be used. The period of averaging must be long enough to deter employers from artificially reducing a woman's hours in the period before the leave, yet not so long as to discount recent wage movements, promotions, or access to increments. ACTU is of the view that 12 months is an appropriate averaging period.

Multiple Job Holding

- 8.10 Where a woman holds multiple jobs her top up entitlement should be based on her income with her nominated main job.

Administration of Payments

- 8.11 In the absence of an agreed framework the ACTU does not make a detailed submission on the administration of a national scheme. The simplest administration system would seem to be that the government provides the safety net component to all new mothers via the existing welfare system, as it already does with the baby bonus. Employers would provide any additional top up payment to employees as per their usual methods. However, the ACTU is prepared to work with employers and government to develop the most appropriate administrative arrangements once a framework is agreed.

Rate of Payment

- 8.12 In view of the purpose of paid maternity leave to provide income security for working women, we call for a scheme that provides full income replacement of the women's pre-leave income during the period of leave.
- 8.13 As a work related entitlement, maternity leave is no different from sick leave, annual leave, long service leave, jury service leave and defence force leave which are funded at 100 per cent income replacement.

The relevance of the minimum wage

- 8.14 The rate of payment should be benchmarked against an appropriate external rate, to avoid erosion of its value over time. The minimum wage is an appropriate benchmark because it is an independently assessed rate, which is varied from time to time, reflecting the needs of employees in the context of living standards generally.
- 8.15 The minimum wage is also appropriate because it is set with the industrial parties and governments having opportunity to present their case to the AIRC.
- 8.16 The national minimum wage represents a modest claim for an adequate income to maintain a mother and her child at a reasonable standard of living.

Relationship to Existing Entitlements

- 8.17 As stated earlier, the ACTU is aware that the relationship between a paid parental leave scheme and existing tax and social security entitlements is complex.
- 8.18 However, in principle, maternity leave payment should not negate the effectiveness of other programs such as family tax benefits and childcare assistance.
- 8.19 Further economic modelling research needs to be conducted to determine if a particular group of families would be negatively affected by the receipt of maternity leave payments treated as taxable income. The Government needs to ensure that maternity leave payment, including the concomitant tax treatment of family income, will not reduce entitlements or family income under the current system.
- 8.20 If economic modelling was to find that some families would be disadvantaged under the new scheme, consideration should be given to exclude paid maternity leave as income for purposes of social security.

9. CONCLUSION

- 9.1 The introduction of a paid maternity leave scheme, funded mostly by government and to a lesser extent by employers, provides a fair balance between government, employers, and individuals in bearing the costs associated with childbirth and the care of newborns. National legislation provides the best chance of a fair outcome and recognises the societal benefits of children.
- 9.2 A safety net of 14 weeks paid at the federal minimum wage topped up by a modest employer contribution, recognises different family choices, encourages women's participation in the labour market, and ensures that no woman is excluded from societal support due to the nature of her employment, paid or unpaid, formal or informal.
- 9.3 Paid maternity leave on its own will not achieve all the desired outcomes. In particular flexible workplace arrangements are a key factor in the capacity of parents to combine work and family commitments. But paid maternity leave will directly assist women's recovering from birth and with bonding with their child. It will give breastfeeding and child health the best chance. It will directly assist families by replacing foregone income associated with becoming parents. It will provide women with income security, certainty and a measure of workplace equity.

As a number of women commented on the importance of looking to the future in providing paid maternity leave,

"If paid maternity leave is not federally funded it will simply not happen. It's too late for me but not for my daughter."

Karen Bijkersma

"My name is Ellen Pittman. I am 22 years old. My future may bring family and children, but increasingly, I worry about this role – the role of a parent. In a society in which we have a dramatically aging population, home ownership (and rental) is steeply becoming unaffordable... adequate support for parents is a necessity, not a luxury."

Ellen Pittman

"15 years ago I was lucky enough to be in the public sector and receive paid maternity leave. It was such a relief to know that I was able to take care of my newborn and not have to worry about the finances this allowed me to concentrate on the most important person Australia has – the next generation! This is the most important job I have ever held. I thought that by now 15 years down the track this would have been available to all women."

Mary O'Brien⁹⁰

- 9.4 The ACTU model is fair, and ensures substantial compliance with ILO C183. By sharing responsibility between employers and government for employment related paid leave, the model is both affordable and responsible. The ACTU commends its model to the Productivity Commission, and affirms its commitment to work with government and employers to agree on the details of the scheme.

⁹⁰ Contribution made to ACTU "It's long overdue Campaign". www.rightsatwork.com.au April-May 2008

APPENDIX A

Table 1 Examples of paid parental leave in Australia

<i>Organisation/ Industry</i>	<i>Type of leave</i>	<i>Entitlement conditions</i>	<i>Length of leave</i>	<i>Rate of pay</i>	<i>When introduced</i>
Australian Public Service	Maternity leave	12 months service	12 weeks	full pay	1973
AMP (Financial Services)	Parental leave	12 months service	6 weeks	full pay	1995
Esprit (Retail)	Maternity leave	12 months service	8 weeks maternity and 4 weeks sick leave	full pay	2001
Australian Catholic University (Education)	Paternity leave	none stated	15 days	full pay	2001
	Maternity leave	less than 2 years service	one week per full month of service up to 12 weeks	full pay	2001
		2 years service; must return to work for 6 months	12 months	3 months full pay, 9 months 60 per cent pay	2001
Holden (Manufacturing)	Maternity leave	24 months service	14 weeks	full pay	2002
Finlaysons (Legal)	Parental leave	2 years service; must return to work for 12 months	4 weeks, rising to 8 weeks after 5 years service	full pay	2007
Myer (Retail)	Parental leave	18 months service (not available to casuals)	6 weeks	full pay	2008
Aldi (Retail)	Maternity leave	12 months service (not available to casuals)	14 weeks	half pay	2008

APPENDIX B Table 2 Parental leave arrangements in selected countries

	<i>United Kingdom</i>	<i>Sweden</i>	<i>New Zealand</i>
Eligibility	<ul style="list-style-type: none"> Statutory maternity and paternity pay available to employees with weekly earnings of at least £87 (before tax). Must have worked continuously for the same employer for the 26 weeks up to the 15th week before the expected week of childbirth. Self-employed or otherwise ineligible persons may be able to claim maternity allowance. 	<ul style="list-style-type: none"> <i>Pregnancy benefit:</i> paid to women who have strenuous physical work that they are unable to cope with due to their pregnancy. <i>Parental benefit:</i> All residents are entitled to the minimum payment. Each parent is entitled to benefits above the minimum payment if they have contributed to (and been covered by) social insurance for at least 240 days before childbirth. Can be split between parents. 	<ul style="list-style-type: none"> Worked for the same employer for six months, but with additional conditions related to hours of work. Can be split between parents.
Amount	<ul style="list-style-type: none"> <i>Statutory maternity pay:</i> First 6 weeks at 90% of recipients' average weekly earnings with no upper limit. The remaining 20 are the lesser of 90% of recipients' wages or £112.75 per week (around 25% of average gross weekly pay in 2007^c). <i>Maternity allowance:</i> the lesser out of the standard rate (£112.75) or 90% of recipients average weekly earnings. <i>Statutory paternity pay:</i> The lesser out of £112.75 a week, or 90% of recipients average weekly earnings. 	<ul style="list-style-type: none"> <i>Pregnancy benefit:</i> 80% of income with a maximum of 7 times the 'price base amount' of 40 300 SEK (around 95% of average salaries in 2006^a). <i>Parental benefit:</i> 80% of income (up to a ceiling) for the first 390 days (around 135% of the average salary). Flat rate of pay per week for an additional 90 days. 	<ul style="list-style-type: none"> Entitled to gross weekly rate of pay to a maximum of around 90% of the average weekly wage and salary income. The payment itself is taxed.
Duration	<ul style="list-style-type: none"> <i>Statutory maternity pay:</i> 39 weeks. Leave can commence 11 weeks before the expected date of child birth at the earliest, and on day after childbirth at the latest. Maternity allowance: 39 weeks. Statutory paternity pay: 2 weeks 	<ul style="list-style-type: none"> Pregnancy benefit 50 days <i>Parental benefit:</i> 420 days, with a further 60 days available to primary carer's partner Total benefit potentially available to mother is 470 days 	<ul style="list-style-type: none"> 14 weeks
Funding / administration	<ul style="list-style-type: none"> Paid out of social security insurance, which also funds unemployment, work injury and disability benefits as well as the old age pension. Typically: <ul style="list-style-type: none"> 11% of weekly earnings is paid by the employee 12.8% of each employees earnings is paid by the employer. 8-9% is paid by the self-employed. Maternity payment is initially made by the employer, who then is compensated between 92% and 104.5% (depending on the size of the business) from the social security fund. 	<ul style="list-style-type: none"> 2.2% of payroll paid by employer into social insurance fund. 	<ul style="list-style-type: none"> Government (Inland Revenue)

Source: Office of Policy Data and governmental websites