

Women's Health In the North Response to *Paid Parental Leave: Support for Parents with Newborn Children*

Women's Health In the North (WHIN) appreciates the opportunity provided by the Productivity Commission to contribute to the discussion on paid parental leave.

As the regional women's health service for the Northern Metropolitan Subregion of Melbourne¹, WHIN undertakes a number of activities to support the health and wellbeing of women who live and/or work in the region. WHIN has 16 years experience in providing services to women in the region, and has particular expertise in meeting the needs of women who are most marginalised by the health system, and who might generally be referred to as 'hard to reach' or 'at risk'.

As a Health Promotion organisation WHIN works within the framework of a Social Model of health.

Within this framework, improvements in health and wellbeing are achieved by addressing the social and environmental determinants of health, in tandem with biological and medical factors.

Planners of services that aim to improve health and wellbeing and reduce the burden of preventable disease need to be concerned, not only with the individual context or factors, but also with the context of broad public policies and environmental influences, group and family influences, and the community context.²

Hence WHIN's response to the Productivity Commission's *paid parental leave: Support for Parents with Newborn Children, Draft Inquiry Report* encompasses a number of factors in addition to the paid parental leave scheme that will impact on the health and wellbeing of people in the community.

In September 2007, WHIN commenced planning a program that addresses the barriers and maximises the enablers to women's economic participation. Many of the research findings from the programs discussion paper; *Women & Economic Participation: The Labour Market & Beyond (2008 Draft)* have been used in this response document.

Introduction

Of the developed countries, Australia and the United States of America are the only countries without legislated paid maternity leave.³ WHIN hence applauds the Commission's proposal for the introduction of a taxpayer-funded paid parental leave scheme.

We affirm the Victorian Equal Opportunity and Human Rights Commission's statement that:

A universal PML scheme in Australia would send a strong message to women: that they are valued employees worth retaining, that they deserve financial support at a time in their lives when they most need it, that motherhood is a significant, critical role worthy of society's collective support.⁴

¹ Comprising the municipalities of Banyule, Darebin, Hume, Moreland, Nillumbik, Whittlesea and Yarra.

² Victorian Government Health Information, Health Promotion
<http://www.health.vic.gov.au/healthpromotion/foundations/determinants.htm> accessed 13.11.2008

³ Human Rights and Equal Opportunity Commission (2002) Fact Sheet on Paid Maternity Leave
http://www.hreoc.gov.au/education/pregnancy/fact_sheet.html#7 in Women's Health In the North (2008) *Women & Economic Participation: The Labour Market & Beyond Draft*

⁴ Victorian Equal Opportunity and Human Rights Commission (2008). *Women, Rights & Equality: What do they want now?* Qualitative research commissioned by The Victorian Equal Opportunity and Human Rights Commission.

In the report, the Productivity Commission states that if the scheme was introduced it would address a number of objectives. WHIN's feedback to the Inquiry Report will focus on two of the objectives:

- *The mother's longer-term attachment to the workplace / workforce* (including, for example, her consequent ability to better fund her own retirement and facilitating her 'right' to work); and
- *Greater gender equity in the home and in the workplace* (in part, by recognising the social and economic importance of the bearing and raising of children).

Objective: The mother's longer-term attachment to the workplace / workforce

According to the Australian Bureau of Statistics;

In Australia today, women constitute 45 per cent of the total paid workforce; 30 years ago they made up 35 per cent.⁵ In fact, in Australia, and the overall trend is for rising female participation rates and declining male participation rates.⁶

It is interesting to note that, in terms of the economy, supporting women through a paid parental leave scheme is important because without women's work as reproducers there would be no future economy, because without regeneration our economy would soon be without a workforce.⁷ A scheme that recognises and values women's work and its impact on the economy both as 'reproducers' and 'employees' is an important scheme for the Government to support.

According to the Human Rights and Equal Opportunity Commission:

Paid maternity leave may assist women to maintain their attachment to the labour force and hence contribute to improving their long term economic security. A strong labour force attachment can reduce the likelihood of long term unemployment, reduce the likelihood of welfare dependence and also improve women's retirement savings.⁸

Objective: Greater gender equity in the home and in the workplace

WHIN supports the statement by Marty Grace, a Senior Lecturer at Victoria University, that:

In Western societies such as Australia, care of young children is socially constructed as non-work. In fact, caring for young children takes more hours than a normal working week, involves high levels of responsibility, and is socially useful and necessary work.⁹

This is reinforced by Associate Professor Marian Baird presentation at the 2007 Annual Premier's Women's Summit: *Women Into Work*, where she discussed that:

'Despite this in Australia, and indeed the world over, men's work is more valued than women's work. For the most part, despite significant shifts in women's work status in previous decades, women continue to do most of the unpaid work relating to household duties, child rearing and caring for immediate and extended family. Women are still, by far, assuming responsibility for the majority of the care of young children; one only need visit a playground or a suburban shopping centre during the hours of 9a.m. to 5p.m. for confirmation of this.'¹⁰

⁵ Australian Bureau of Statistics. 6202.0.55.001 Labour Force Australia. Labour Force Status by Sex – Trend.

⁶ Baird, M. (2007). *Women, Work and Public Policy: Progress, Possibilities and Limits*. Presentation at the Premier's Women's Summit, Victoria, 09 November 2007.

⁷ Women and the Economy (2006). Economic Measures: Impact on Women. <http://www.unpac.ca/economy/econmeas.html#4> accessed on 16 February 2008.

⁸ Human Rights and Equal Opportunity Commission, (2002) *Valuing Parenthood: Options for Paid Maternity Leave Scheme* http://www.humanrights.gov.au/sex_discrimination/paid_maternity/pml/report/sectionc.html#addressing6 accessed on 7th November 2008

⁹ Grace, M. 1998, 'The Work Of Caring For Young Children: Priceless Or Worthless?', *Women's Studies International Forum*, Vol. 21, No. 4, pp. 401-413 in Women's Health In the North (2008) *Women & Economic Participation: The Labour Market & Beyond Draft*

¹⁰ Baird, M. (2007). *Women, Work and Public Policy: Progress, Possibilities and Limits*. Presentation at the Premier's Women's Summit, Victoria, 09 November 2007, in Women's Health In the North (2008) *Women & Economic Participation: The Labour Market & Beyond Draft*.

Therefore a parental leave scheme that focuses on 'primary carers' as not exclusively women (but recognises that women do continue to assume the majority of responsibilities of caring for young children) is a stepping stone towards a social shift of the role of both parents in the caring role of children.

Women's Health In the North responses to the Productivity Commissions Draft Recommendations

Draft Recommendation 2.1

The Australian Government should introduce a statutory paid parental leave scheme that provides paid leave capped at the adult minimum wage, and employees continue to pay superannuation entitlements calculated on the going wage of the employee or at the relevant capped amount, whichever is the smaller.¹¹

Continuing women's superannuation payments while on parental leave is important because in Australia, on average, women currently have one third the superannuation savings of men.¹² Current payouts for women are around 37K compared with 110K for men.¹³ Women are more likely to have less superannuation than men because they have a higher likelihood of spending time out of the workforce and work part-time whilst caring for their children.¹⁴ For these reasons WHIN supports the recommendation that employees continue to pay into women's superannuation funds while they are on parental leave.

This is reinforced by the Human Rights and Equal Opportunity Commission which says that:

'The provision of paid maternity leave will not solve this problem. Addressing women's retirement income is a significant issue that will require major government attention and action in coming years. However, paid maternity leave can contribute to improving women's superannuation savings in an indirect manner by assisting women to maintain their labour force attachment and making it easier for women to combine work and family.'¹⁵

Given the inequality in superannuation payouts, and the fact that the only financial contributions that employers are required to make while a mother is on paid parental leave is superannuation, WHIN believes that Recommendation 2.1 could go further.

In terms of Draft Recommendation 2.1 WHIN recommends:

- That a higher super contribution limit (> 9 per cent) should be paid by employers during the 18 weeks paid parental leave.

Such a scheme could reduce the inequality women face in their superannuation payouts compared to men who are less likely to have an interrupted employment history.

Draft Recommendation 2.2

The Australian Government fund the cash component of the paid parental leave scheme, partially offsetting these costs by removing eligibility for family tax benefit B while parents are on paid parental leave and replacing the baby bonus with a differently focused non-welfare payment.

Employers should fund superannuation contributions during the paid parental and paternity leave period, but only under the conditions specified in draft recommendation 2.1.¹¹

¹¹ This is a summarised version of the Productivity Commissions Recommendation.

¹² Simon Kelly, National Centre for Social and Economic Modelling – NATSEM, 2006; cited in Broderick, E (2008). Listening Tour Blog. <http://www.humanrights.gov.au/listeningtour/themes.html#fn1> accessed on 14 February 2008.

¹³ Association of Superannuation Funds of Australia (2007) <http://www.superannuation.asn.au/> Accessed on 12 February 2008.

¹⁴ Gooch, L (2005) *Many Women 'ignorant about super security'* The Age 09 September 2005.

¹⁵ Human Rights and Equal Opportunity Commission (2002), *A Time to Value - Proposal for a National Paid Maternity Leave Scheme* http://www.hreoc.gov.au/sex_discrimination/paid_maternity/pml2/partc.html#6_6_super

For many women the provision of any paid leave is at the employers' discretion. Many women need to package their annual leave, some double their time on paid leave by taking it at half-pay and some simply try to make the one-off baby bonus payment, introduced in 2004, last as long as possible.¹⁸ Therefore WHIN supports the recommendation, that the Government fund a paid parental leave scheme and employers fund superannuation contributions during the paid parental leave period.

Although WHIN supports this recommendation, we are concerned about the danger that, when this scheme is introduced, employers might abolish their privately negotiated schemes and disadvantage some women. The Commission should not assume that employers will continue to make their current parental leave schemes available to their employees out of goodwill. This is of particular concern for women in workplaces where their current parental leave entitlements are better (i.e. at the employer full wage or they access to longer parental leave entitlements) than that being proposed by the Commission.

In the lead up to writing this response paper, WHIN did not have adequate time to discuss the issue of welfare with regards to this scheme and therefore does not have a strong position on this issue. Nonetheless, in terms of the recommendation to replace the baby bonus with a different focused 'non-welfare' payment (maternity allowance) for parents not eligible for paid parental leave, WHIN does not completely agree. WHIN considers this opinion based on the fact that parents who will receive this payment are most likely receiving other welfare payments from welfare agencies such as Centrelink and will also be eligible to claim Tax Benefit B through Centrelink. Therefore WHIN considers that this payment should be made by the Government through their welfare agency, Centerlink.

In terms of Draft Recommendation 2.2 WHIN recommends:

- That those employers who currently have a privately negotiated paid parental leave scheme continue with their current schemes.
- Those parents not eligible for paid parental leave are paid a maternity allowance after the birth of their child through Centrelink.¹¹

Draft Recommendation 2.3

The employer should initially make payments to employees under the statutory parental leave scheme, with subsequent reimbursement by the Australian Government.

The Australian Government should pay other eligible parents directly, preferably through a non-welfare agency.¹¹

WHIN supports the recommendation that the employer should initially make payments to employees (just as any employment entitlement is administered), with the Australian Government to provide speedy reimbursement to the employer. For those who are not eligible for the paid parental leave, WHIN refers to its statement in Draft Recommendation 2.2 that parents should be paid directly by Centrelink.

WHIN believes that employers should make the payments to the employee because it is important that paid parental leave is recognised in the workforce just like any other form of employee leave entitlements. Therefore, as per the National Employment Standards, parents should also be able to accrue other entitlements (such as sick leave) while on paid parental leave.

Draft Recommendation 2.4

The statutory paid parental leave scheme should be available for an employed parent (including the self-employed and contractors), who has worked an average of at least ten hours a week on a continuous basis for 12 months or more prior to the expected birth date of the baby, and who is also the primary carer of their baby.¹¹

WHIN supports this recommendation. In terms of the eligibility criteria for paid parental leave WHIN agrees that the employee should have worked for a continuous basis for 12 months or more prior to the

birth of the baby. This eligibility criteria is supported because it is aligned with the criteria for unpaid parental leave as stated in the National Employment Standards. This would continue to reinforce the message of paid parental leave being just like any other employment leave entitlement.

In particular the eligibility criteria would enable women who don't currently have access to privately negotiated leave an opportunity that they would not normally have. This applies in particular for women in casual and contract positions or the self employed who are missing out on paid parental leave.

Draft Recommendation 2.5

The paid parental leave scheme should give eligible mothers the initial parental leave entitlement, but allow them to transfer the entitlement to eligible partners who take on the role of the primary carer, and fathers (and other eligible partners) a two- week period of exclusive paternity leave on a 'use it or lose it' basis, even if the mother was not eligible for statutory paid parental leave.¹¹

WHIN agrees that a paid parental leave scheme should give mothers the initial parental leave entitlement, but only with their consent enable them to transfer the entitlement to eligible partners who may be taking on the role of the primary carer. Although in a majority of cases the mother will be the primary carer, this recommendation demonstrates to society that although women are socially constructed as the 'primary carer', fathers (and other eligible partners) also can take on this role.

WHIN also supports the entitlement to fathers or eligible partners to a two-week period of paternity leave. In particular WHIN applauds the Commissions inclusion of 'other eligible partners' as this reduces the discrimination of access to the scheme for same sex lesbian couples.

Draft Recommendation 2.6

The existing baby bonus should be replaced with an equivalently-valued, non-income tested maternity allowance, payable only to those parents not using statutory paid parental leave (with the exception of multiple births as set out in draft recommendation 2.1).

However, where a parent takes a shortened period of paid parental leave whose value is less than the maternity allowance, the parent would be entitled to a payment equal to the difference.

WHIN agrees that the existing baby bonus should be replaced with an equivalently-valued non-income tested maternity allowance payable only to those parents not using statutory paid parent leave. WHIN believes that if all women entitled to the statutory paid parental leave are going to be paid at the minimum wage then women who are not entitled to this payment should be entitled to a payment of equivalent value. In this way the scheme would not place a value on the role of caring, whether a woman worked or did not work prior to the birth of their baby.

Draft Recommendation 2.7

The statutory paid parental leave scheme should provide a total of 18 weeks of paid leave for parents of a newborn child who meet the employment test.¹¹

Draft Recommendation 2.8

In this recommendation the Commission refers to changes/amendments that should be made to the National Employment Standards when they are next subject to revision.

As per Draft Recommendation 2.7, WHIN agrees that the statutory paid parental leave scheme should be available to mothers of a stillborn baby, parents of non-familial adoptions and custodians of surrogate children. In addition to enabling parents to continuing to take any remaining paid parental leave if their baby died or any outstanding leave transferred to the partner if the primary carer died.

In the Draft Inquiry report the Commissions stated:

There is compelling evidence of child health and welfare benefits from maternal care of babies until the age of six months, and there is a reasonable prospect that longer periods may also be beneficial. There is also evidence of gains from a father participating in care in this early period. The impact of paid parental leave on maternal and child health and wellbeing is relevant to the issue of the appropriate duration of leave and to a level of payment needed to encourage parents to take such leave. There is compelling evidence of child and maternal health and welfare benefits from a period of postnatal absence from work for the primary caregiver of around six months and a reasonable prospect that longer periods (of up to 9–12 months) are beneficial. The gains do not only accrue to parents, as society often has to pay for health costs and other consequences of poorer outcomes for children and parents. Moreover, there may also be long run productivity benefits — in the same vein that the Commission anticipated gains from early childhood education and health initiatives in its modelling of the National Reform Agenda.¹⁶

WHIN endorses these findings and therefore believes the 18 weeks paid parental leave does not go far enough to support parents with a new born child. WHIN believes the Government should be starting at the optimal position of supporting women as the evidence suggests for a minimum of six months.

If the Government only funds 18 weeks, then parents are expected to fund the remaining six weeks of the recommended six months of parental leave. This would leave women with no other option than to bargain for paid leave entitlements at the workplace level. For women with limited bargaining power, this situation could be particularly problematic.

In terms of Draft Recommendations 2.7 and 2.8 WHIN recommends:

- That employer at a minimum should fund the additional six weeks not being funded by the Government.

Draft Recommendation 2.10

A paid parental leave scheme should include a 'keeping in touch' provision that — subject to employer and employee consent — allows the employee to work up to 10 days while on paid parental leave, where that work strengthens the connection to their workplace and scope for eligible self-employed parents to maintain some oversight of their businesses while on leave.¹⁶

WHIN supports this recommendation, in particular because this type of provision would reduce the impact that parental leave has on workplace participation as women are encouraged to stay (enabling women to preserve their expertise and skills) within the workplace.¹⁸ It would also increase society's recognition of the dual role that women have as both an employee and a primary carer.

Draft Recommendation 2.12

The Australian Government should undertake ongoing evaluation of the paid parental leave scheme.¹¹

WHIN strongly agrees with the recommendation that the Australian Government should undertake ongoing evaluation of the scheme. WHIN believes the evaluation should enable all key stakeholders in this scheme the opportunity to input into the review.

What else needs to be considered?

It is important to note that although a paid parental leave scheme will facilitate workforce participation of women, childcare and the impact on grandmothers are significant issues that the government should also include in their considerations, simultaneously with this scheme.

¹⁶ Productivity Commission 2008, Paid Parental Leave: Support for Parents with Newborn Children, Draft Inquiry Report, Canberra

As Professor Hilary Lips of Radford University Virginia says:

For many mothers who wish to participate in paid work, there is a significant amount of stress related to child care. The availability of quality, affordable childcare that is also culturally appropriate remains elusive for many women. Furthermore, the demands of picking-up and dropping-off small children, as well as meeting the demands of their jobs can be fraught with stress.

Moreover, often a large sum of women's income goes to pay for this childcare, and the responsibility to juggle the majority of these demands also falls disproportionately on women – even in couples where both members have equally demanding professional careers.¹⁷ For women that head single-person households with children, the financial and logistical demands of the retuning to work/childcare juggle, would be absolutely massive. It is easy to see how the issue of childcare is itself a deterrent and barrier to participation for many women.

Childcare can be either formal or informal care. Formal care refers to licensed services; informal care encompasses, among other things, care by relatives and, in particular, by grandmothers. With regards to the Childcare Benefit, it is a payment to help families who use *approved and registered* child care. The childcare benefit supports formal childcare but for those providing the informal care (i.e. grandmothers) there is no monetary recognition of their work.

Women require choices about how they care for children. They should not be forced into work, or kept out of it by high fees and/or a lack of options. Australian Bureau of Statistics (ABS) data shows that 57 per cent of women return to work by the time their child is in their second year and 68 per cent by the time their child is in their third year. In contrast, in Denmark – where more than 70 per cent of childcare costs are funded by the Government – 92 per cent of mothers and 96 per cent of fathers were in the labour force. ABS data also found that approximately 160,000 women want to work but are not looking because of issues relating to childcare.¹⁸

Given this information, it is obvious that childcare can be a barrier to women's workforce participation and needs to be considered as part of the paid parental leave discussion.

As noted the issues of childcare are not isolated to the parents, childcare also impacts on the health and wellbeing of grandparents, in particular grandmothers. Therefore the role of unpaid mothering is not exclusive to women of childbearing age but can continue throughout their lifespan, and is extended to grand-parenting.

As Dr Joy Goodfellow and Judy Lavery explain:

There are also growing expectations on grandparents to be carers for young children, for long periods of time, because of the costs of childcare, and because of cultural expectations. Grandmas are often very tired ...¹⁸ Many grandparents *choose* to care for their young grandchildren while the parents of these children work – with mothers' employment being the main reason why grandmothers (and some grandfathers) accept the responsibility for childcare on a regular basis (ABS 2003). Other grandparents may feel *obligated* to provide such care. In one study grandparents stated that they believed that they supported their adult children in ways that had social and economic benefit to their family but did not wish to be unpaid babysitters and '*taken for granted*'.¹⁹

Given the findings from Joy Goodfellow and Judy Lavery, the Government needs to discuss a Paid Parental Leave Scheme within a social model of health, considering not only the economic costs of the scheme on the economy and employers, but also the impact on parents and their workforce participation, the health and wellbeing of an ageing population of grandparents, and the health and wellbeing of children.

¹⁷ Lips, H. (1999). *Women, Education, and Economic Participation. Keynote Address Presented At The Northern Regional Seminar: Women and Economic Development*. Auckland, New Zealand.

¹⁸ Women's Health In the North (2008) *Women & Economic Participation: The Labour Market & Beyond Draft*

¹⁹ Goodfellow, J. Lavery, J. (2003), Grandparents supporting working families: satisfaction and choice in the provision of childcare. *Australian Institute of Family Studies, Family Matters No. 66* Spring/Summer.

Conclusion

A Government-funded paid parental leave scheme is long overdue.

WHIN strongly advocates that the Government accepts the Commission's recommendation to implement a paid parental leave scheme which recognises and values the work undertaken by primary carers of future generations of Australians.

In particular, that the Government implements a paid parental leave scheme that addresses the barriers to women's workforce participation and does not only focus on its role in the 18 weeks of paid leave.

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