

# INQUIRY INTO PAID MATERNITY, PATERNITY AND PARENTAL LEAVE

## SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY

VICTORIAN WOMEN'S TRUST

2 JUNE 2008

**1. The Victorian Women's Trust is inspired by the vision of a just and humane society in which women enjoy full participation as citizens. We believe that by creating a better world for women, we create a better world for all communities.**

Established in 1985, and completely independent, the Trust exists to improve conditions for women in practical and lasting ways. It does this through:

- *a funding program to invest in women and effect social change*
- *advocacy for women on key issues*
- *showcasing women's talents and fostering networks for the exchange of skills, ideas and information*
- *special initiatives that harness women's leadership and expertise, including strategic alliances to undertake major projects*

**2. Internationally, we are lagging behind terribly on the provision of maternity, paternity and parental leave. They should be part and parcel of a modern economy. They are good for business. They are good for people.**

There are now many schemes adopted in different parts of the world – in almost all developed countries, Africa, Latin America and the Caribbean, Asia and Oceania. Many of these have existed now for long times, enough for key learnings to be established. We should not only be instituting schemes around maternity, paternity and parental leave, but we should see this as an opportunity to produce world's best practice.

**3. Paid maternity, paternity and parental leave go to the heart of productive workplaces; and the well-being and peace of mind of women and men who are parenting as well as participating in the paid workforce.**

Various research data show that when people are constructively supported in their paid workplaces by fair and reasonable conditions, they are more likely to be loyal and productive employees to the extent that the benefits to the employer outweigh recruitment and other replacement costs.

**4. Community expectations have been ahead of government regarding these provisions. There should be a minimum of at least six months maternity leave, at full income replacement.**

The paternity provisions should be attractive to the point of offering real incentives for fathers to take such leave. We suggest there should also be a minimum of **four weeks paternity leave**, at full income replacement.

In children's early years – including primary school - there should also be greater encouragement across workplaces to adopt the 48/52 scheme which allows fathers in particular to 'purchase' an additional four weeks leave per annum. A scheme of this sort enables fathers to take leave in such periods as school holidays. This can ease the burden on women as well as providing important and fuller time periods for fathers to be with their children.

Our cricketing governing body and many of our iconic cricketers publicly acknowledge the importance of fathers being around for the birth and to provide post-natal support, even to the extent of missing Test matches!

The submission from Julia Perry incorporates the survey findings from a recent Newspan asking respondents for their views on paid parental leave. Support was strong (76.4%). There was also strong support (78%) for a shared funding model. The people commissioning the research, and the Newspan team, expressed surprise by the strength of these findings.

We are not surprised. Over the past several weeks, in the course of our work and moving in and around different communities, we have done our own informal and on the spot 'polling' with many women and men. The response is commonly one of 'why the delay...just get on and do it...why are we still debating this...' and when we press on the minimum period for a mother on leave after a birth, the response is unambiguously at least six months. Women's wisdom is that a successful breast feeding regime is at least six months and that the actual and full recovery from the profound physical and emotional experience of pregnancy and birth is even longer.

We advocate a minimum of six months maternity leave because there are several critical dimensions to the experience of birth, recovery, and personal/family adjustment.

- (a) *A satisfactory breastfeeding regime.* The evidence is incontrovertible about the benefits of breastfeeding. These benefits are more likely to be realised over a period of at least six months.
- (b) *Adequate recovery time.* The pressure is to get on with the business of feeding and parenting means that people, including women themselves, often underestimate the degree of time that is required to recover after giving birth. This is especially so with caesarean birth, deemed major surgery. Usually people who experience major surgery are advised to rest and take special care of themselves.
- (c) *Time to bond and adjust.* Post-natal existence is hugely demanding – unfinished sentences, hot drinks turning cold, broken sleep and commonly, extreme fatigue. Through all of this, it is crucial to try and maintain conditions that best assist the important early bonding between mother and child, and where possible, between father and child. A lengthy period of maternity leave, without any added financial stress, is important here as is the possibility of the father being involved at an important new stage in family life.
- (d) *Relationship adjustments for the adults.* A baby in the house can strain adult relationships, especially if the post-natal period is rough – broken sleep, cholic, crying infant, frayed nerves. The partner in the picture can feel emotionally as though they are missing out. It is important that partners have some time on their side to handle these demands and to get used to their new situation, to adjust to being parents together.

- (e) *Time for siblings to adjust.* A new baby means other children in the family have to make some adjustments too. Siblings can feel resentful and jealous. They need a relatively calm and stable home environment as well as emotional reassurance. It is important that mothers, and where possible fathers, have the time and energy to put into their relationships with these other children.
- (f) *Connection beyond the home.* Having a lengthy period at home with a new baby means a greater chance of building important and positive connections beyond the immediate family – such as the time to visit a local maternal and child health nurse, the time to take siblings to play groups.

**5. The cost of any national paid maternity scheme should take into account the extraordinary contribution to our economy and society of women’s unpaid work.**

Our economic accounting systems value market transactions and ignore the value of natural assets and non-market work. The amount of women’s unpaid work in the home is so great that even when calculated at a low wage rate, the country could not afford the quantum involved. Government assistance to families and women, whilst it might run into some billions of dollars per annum, is still never close to the amount of unpaid work.

Within this more accurate depiction of work and family and the resultant contribution to economic and social life, the cost of a national paid maternity leave scheme pales into financial insignificance.

A generous paid maternity leave scheme is but one major way that a national government can help redress the huge, existing maldistribution of public resources that results from the on-going discounting of the value of women’s household and childrearing work.

In 2000, Australians...spent nearly 20 billion hours in unpaid non-market industries such as meal preparation, laundry, household work, child and adult care and volunteering. For the same period, Australians spent three billion less hours on market work -16.6 billion hours.

Duncan Ironmonger *Calculating Australia’s Gross Household Product* January 2002

In 1986, the work of those ‘Not in the Labour Force’ comprised half the working time of all Canadians, was worth almost twice the value of the manufacturing sector and occupied 62.5 percent of the working time of Canadian Women. In 1992, the value of unpaid housework in Canada would have been C\$319 billion a year at replacement labour estimates. The time expended in this work was 25 billion hours, and women performed 66 percent of it measured by time. For comparison, where this is the equivalent of 46% of Canada’s GDP, the black market is estimated at about only 2.5% of the GDP.

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4 Contribution of females	58%	68%	46%	57%	61%	85%	57%	95%	59%

Source: UK National Statistics Office, Household Satellite Account, <http://www.statistics.gov.uk/hhsa/hhsa/Index.html>, accessed 21 July 2006.

The above table shows the net value added, hourly effective return to labour and contributions of males and females to household production in the UK, 2000. This was achieved by calculating what these services would cost if they had been delivered by a paid service provider, for example, the cost of a live-in nanny indicates the values of looking after children. By carefully deriving values in this way, the worth of all unpaid activities can be calculated, as shown in row 2 of the table above. The final result is a total value of just over £628 billion. Given that the total *formal* output of the UK economy in the same year was £892 billion, the point is well made that the invisible economy is far from insignificant – indeed it represents a shadow economy of unpaid work that is of the same order of magnitude as the formal economy itself.

By looking inside the home, and by differentiating the people who make up a household in this way, we begin to see how conventional measures of the economy neglect a great deal of work that is being done, and how this work is unevenly allocated between men and women. The key issue, then, is the incorporation of private domestic space into the public, countable, space of the economy.

Neil M. Coe, Philip F. Kelly, Henry Wai-Chung Yeung *Economic Geography: A Contemporary Introduction* Blackwell Publishing 2007 pp: 353 -354.

## **6. The acid test of fair and effective national schemes around maternity leave/parental leave will lie in how well it caters for women and men on lower incomes, in part-time and casualised sectors and who are self-employed.**

Two key underpinning principles of any such leave schemes should be *universality* and *social equity*.

Currently, and as outlined in the Productivity Commission Issues Paper, such leave tends to be enjoyed by women and men in the public sector and on relatively high income levels.

Research undertaken by the Equal Opportunity for Women in the Workplace Agency (EOWA) reveals that the provision of paid maternity leave has increased from 23.7% in 2001 to 48.9% in 2007 among medium to large organisations.

Despite this increase and now record level of paid maternity leave provisions there are significant disparities across industry sector occupations and organisational size.

Based on data collected for the annual EOWA Survey, many (63%) organisations that provide paid maternity leave do not make the benefit available to all staff. 84% confirmed it is not available to casual employees or contractors. Other disadvantaged groups include non-managerial employees, those under a particular award or category or women who do not meet the eligibility minimum service criteria.

The EOWA research shows that among the 51.1% of organisations that do not provide paid maternity leave are sectors that have a high number of women workers, particularly the retail, accommodation and food services sectors. Together, these sectors employ nearly a third of all women covered by the Equal Opportunity for Women in the Workplace Act.

In addition, figures from the Australian Bureau of Statistics (ABS) show that women professionals are twice as likely to use paid maternity leave as women who were employed as clerical, sales or service workers. Only 19% of small and medium enterprises provide paid maternity leave.

Women on low incomes in part-time or casual work should not be penalised by narrow eligibility criteria. We support the case made by the National Foundation for Australian Women that consistent work-force attachment, such as ten months, across different employers should be an acceptable criterion determining eligibility rather than restricting the 'proof' period to service with one employer. As well, women on low incomes who are able to access a national maternity leave scheme should be able to do so without jeopardising other universal payments aimed at poverty reduction and welfare support.

We would draw the Commission's attention to the need to also factor in the needs and aspirations of women working on farms. We believe it is important here for the Commission through the remainder of the Inquiry period to seek out the views of farm women and women who are self-employed in small businesses so that the particular challenges in designing leave provisions for these particular work-force situations can be addressed rather than ignored.

We also support the case for adoptive parents to be covered by any national system of paid parental leave.

The opportunity to devise and advise on national schemes from the beginning must strive to take proper account of these realities – and to enshrine fairness and equity so that all Australians, irrespective of the background, education, income level and sexual orientation, can access available national schemes.

We support the EOWA proposition that there is a solid business case for a universal paid maternity leave system to address the inequities. We share EOWA's view that the benefits of a universal paid parental scheme for employers will improve retention and long-term attachment, whilst also reducing the large cost of recruitment, replacement and training of new employees. These savings far outweigh the cost of paid leave. In addition, increased attachment will improve gender equity by raising women's total workforce participation and will have a positive impact on national productivity and increasing of the tax base.

**7. Paid maternity, paternity and parental leave is fundamentally a whole-of-society question. No-one, including for example, small businesses, should be penalised by the existence of such provisions. It makes sense that schemes are funded in a whole-of-society approach – with contributions from government, business and employees.**

Again, the recent Newspoll indicates that people (78%) in the broader community have a strong and intuitive sense that such schemes should be funded on a shared basis between employers, employees and Government.

A tripartite funding formula would extract a modest levy from employers and employees and a substantial contribution from the national government.

We believe the Commonwealth Government should consider a significant start-up contribution to a national fund along similar structural lines to the funds recently announced for university capital works and infrastructure development. Both of these have been heralded as responsible and visionary ways of capturing national benefits deriving from the current resources boom.

We are also drawn to the idea of employers paying a levy into a national fund that is in proportion to their staff numbers or the size of their payroll. This may be one way to ensure that small businesses especially are not unduly penalised by being subscribers to a national scheme of paid maternity and paternity leave.

The idea of a national pool of funds is also a stronger guarantee that the needs of more marginal groups of women, including casualised workers and farm women, can be met.

**8. Special attention perhaps needs to be given to management and training approaches so the return to paid work after maternity/parental leave is relatively seamless and does not jeopardise the performance of employees or the employing organisation.**

According to the Human Rights and Equal Opportunity Commission, the onset of maternity is a major cause of discrimination against women. Anecdotally, we have come across cases where men have also been penalised for trying to play a more active role in supporting their partner after the birth of a child.

In the interests of continuous quality improvement, the introduction of paid leave schemes need to consider a package of support measures to assist the development of a positive management culture that provides seamless and positive returns to paid work.

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We advocate a minimum of six months maternity leave because there are several critical dimensions to the experience of birth, recovery, and personal/family adjustment.

- (a) *A satisfactory breastfeeding regime.* The evidence is incontrovertible about the benefits of breastfeeding. These benefits are more likely to be realised over a period of at least six months.
- (b) *Adequate recovery time.* The pressure is to get on with the business of feeding and parenting means that people, including women themselves, often underestimate the degree of time that is required to recover after giving birth. This is especially so with caesarean birth, deemed major surgery. Usually people who experience major surgery are advised to rest and take special care of themselves.
- (c) *Time to bond and adjust.* Post-natal existence is hugely demanding – unfinished sentences, hot drinks turning cold, broken sleep and commonly, extreme fatigue. Through all of this, it is crucial to try and maintain conditions that best assist the important early bonding between mother and child, and where possible, between father and child. A lengthy period of maternity leave, without any added financial stress, is important here as is the possibility of the father being involved at an important new stage in family life.
- (d) *Relationship adjustments for the adults.* A baby in the house can strain adult relationships, especially if the post-natal period is rough – broken sleep, cholic, crying infant, frayed nerves. The partner in the picture can feel emotionally as though they are missing out. It is important that partners have some time on their side to handle these demands and to get used to their new situation, to adjust to being parents together.

- (e) *Time for siblings to adjust.* A new baby means other children in the family have to make some adjustments too. Siblings can feel resentful and jealous. They need a relatively calm and stable home environment as well as emotional reassurance. It is important that mothers, and where possible fathers, have the time and energy to put into their relationships with these other children.
- (f) *Connection beyond the home.* Having a lengthy period at home with a new baby means a greater chance of building important and positive connections beyond the immediate family – such as the time to visit a local maternal and child health nurse, the time to take siblings to play groups.

**5. The cost of any national paid maternity scheme should take into account the extraordinary contribution to our economy and society of women’s unpaid work.**

Our economic accounting systems value market transactions and ignore the value of natural assets and non-market work. The amount of women’s unpaid work in the home is so great that even when calculated at a low wage rate, the country could not afford the quantum involved. Government assistance to families and women, whilst it might run into some billions of dollars per annum, is still never close to the amount of unpaid work.

Within this more accurate depiction of work and family and the resultant contribution to economic and social life, the cost of a national paid maternity leave scheme pales into financial insignificance.

A generous paid maternity leave scheme is but one major way that a national government can help redress the huge, existing maldistribution of public resources that results from the on-going discounting of the value of women’s household and childrearing work.

In 2000, Australians...spent nearly 20 billion hours in unpaid non-market industries such as meal preparation, laundry, household work, child and adult care and volunteering. For the same period, Australians spent three billion less hours on market work -16.6 billion hours.

Duncan Ironmonger *Calculating Australia’s Gross Household Product* January 2002

In 1986, the work of those ‘Not in the Labour Force’ comprised half the working time of all Canadians, was worth almost twice the value of the manufacturing sector and occupied 62.5 percent of the working time of Canadian Women. In 1992, the value of unpaid housework in Canada would have been C\$319 billion a year at replacement labour estimates. The time expended in this work was 25 billion hours, and women performed 66 percent of it measured by time. For comparison, where this is the equivalent of 46% of Canada’s GDP, the black market is estimated at about only 2.5% of the GDP.

Marilyn Waring *Three Masquerades –Essays on Equality, Work and Human rights* Allen & Unwin 1996 pp: 95-95

	Child Care	Nutrition	Transport	Housing	Tenant Services	Laundry	Adult Care	Clothing	Total
1 Time (Millions of hours)	61,884	25,030	20,374	13,276	4,101	3,998	3,264	1,071	132,999
2 Net Value Added (£millions)	220,494	64,936	101,444	148,593	45,904	35,720	10,566	709	628,366
3 Contribution of Males	42%	32%	54%	43%	39%	15%	43%	5%	41%
4 Contribution of females	58%	68%	46%	57%	61%	85%	57%	95%	59%

Source: UK National Statistics Office, Household Satellite Account, <http://www.statistics.gov.uk/hhsa/hhsa/Index.html>, accessed 21 July 2006.

The above table shows the net value added, hourly effective return to labour and contributions of males and females to household production in the UK, 2000. This was achieved by calculating what these services would cost if they had been delivered by a paid service provider, for example, the cost of a live-in nanny indicates the values of looking after children. By carefully deriving values in this way, the worth of all unpaid activities can be calculated, as shown in row 2 of the table above. The final result is a total value of just over £628 billion. Given that the total *formal* output of the UK economy in the same year was £892 billion, the point is well made that the invisible economy is far from insignificant – indeed it represents a shadow economy of unpaid work that is of the same order of magnitude as the formal economy itself.

By looking inside the home, and by differentiating the people who make up a household in this way, we begin to see how conventional measures of the economy neglect a great deal of work that is being done, and how this work is unevenly allocated between men and women. The key issue, then, is the incorporation of private domestic space into the public, countable, space of the economy.

Neil M. Coe, Philip F. Kelly, Henry Wai-Chung Yeung *Economic Geography: A Contemporary Introduction* Blackwell Publishing 2007 pp: 353 -354.

## **6. The acid test of fair and effective national schemes around maternity leave/parental leave will lie in how well it caters for women and men on lower incomes, in part-time and casualised sectors and who are self-employed.**

Two key underpinning principles of any such leave schemes should be *universality* and *social equity*.

Currently, and as outlined in the Productivity Commission Issues Paper, such leave tends to be enjoyed by women and men in the public sector and on relatively high income levels.

Research undertaken by the Equal Opportunity for Women in the Workplace Agency (EOWA) reveals that the provision of paid maternity leave has increased from 23.7% in 2001 to 48.9% in 2007 among medium to large organisations.

Despite this increase and now record level of paid maternity leave provisions there are significant disparities across industry sector occupations and organisational size.

Based on data collected for the annual EOWA Survey, many (63%) organisations that provide paid maternity leave do not make the benefit available to all staff. 84% confirmed it is not available to casual employees or contractors. Other disadvantaged groups include non-managerial employees, those under a particular award or category or women who do not meet the eligibility minimum service criteria.

The EOWA research shows that among the 51.1% of organisations that do not provide paid maternity leave are sectors that have a high number of women workers, particularly the retail, accommodation and food services sectors. Together, these sectors employ nearly a third of all women covered by the Equal Opportunity for Women in the Workplace Act.

In addition, figures from the Australian Bureau of Statistics (ABS) show that women professionals are twice as likely to use paid maternity leave as women who were employed as clerical, sales or service workers. Only 19% of small and medium enterprises provide paid maternity leave.

Women on low incomes in part-time or casual work should not be penalised by narrow eligibility criteria. We support the case made by the National Foundation for Australian Women that consistent work-force attachment, such as ten months, across different employers should be an acceptable criterion determining eligibility rather than restricting the 'proof' period to service with one employer. As well, women on low incomes who are able to access a national maternity leave scheme should be able to do so without jeopardising other universal payments aimed at poverty reduction and welfare support.

We would draw the Commission's attention to the need to also factor in the needs and aspirations of women working on farms. We believe it is important here for the Commission through the remainder of the Inquiry period to seek out the views of farm women and women who are self-employed in small businesses so that the particular challenges in designing leave provisions for these particular work-force situations can be addressed rather than ignored.

We also support the case for adoptive parents to be covered by any national system of paid parental leave.

The opportunity to devise and advise on national schemes from the beginning must strive to take proper account of these realities – and to enshrine fairness and equity so that all Australians, irrespective of the background, education, income level and sexual orientation, can access available national schemes.

We support the EOWA proposition that there is a solid business case for a universal paid maternity leave system to address the inequities. We share EOWA's view that the benefits of a universal paid parental scheme for employers will improve retention and long-term attachment, whilst also reducing the large cost of recruitment, replacement and training of new employees. These savings far outweigh the cost of paid leave. In addition, increased attachment will improve gender equity by raising women's total workforce participation and will have a positive impact on national productivity and increasing of the tax base.

**7. Paid maternity, paternity and parental leave is fundamentally a whole-of-society question. No-one, including for example, small businesses, should be penalised by the existence of such provisions. It makes sense that schemes are funded in a whole-of-society approach – with contributions from government, business and employees.**

Again, the recent Newspoll indicates that people (78%) in the broader community have a strong and intuitive sense that such schemes should be funded on a shared basis between employers, employees and Government.

A tripartite funding formula would extract a modest levy from employers and employees and a substantial contribution from the national government.

We believe the Commonwealth Government should consider a significant start-up contribution to a national fund along similar structural lines to the funds recently announced for university capital works and infrastructure development. Both of these have been heralded as responsible and visionary ways of capturing national benefits deriving from the current resources boom.

We are also drawn to the idea of employers paying a levy into a national fund that is in proportion to their staff numbers or the size of their payroll. This may be one way to ensure that small businesses especially are not unduly penalised by being subscribers to a national scheme of paid maternity and paternity leave.

The idea of a national pool of funds is also a stronger guarantee that the needs of more marginal groups of women, including casualised workers and farm women, can be met.

**8. Special attention perhaps needs to be given to management and training approaches so the return to paid work after maternity/parental leave is relatively seamless and does not jeopardise the performance of employees or the employing organisation.**

According to the Human Rights and Equal Opportunity Commission, the onset of maternity is a major cause of discrimination against women. Anecdotally, we have come across cases where men have also been penalised for trying to play a more active role in supporting their partner after the birth of a child.

In the interests of continuous quality improvement, the introduction of paid leave schemes need to consider a package of support measures to assist the development of a positive management culture that provides seamless and positive returns to paid work.

Victorian Women's Trust  
2 June 2008