



**SUBMISSION
TO THE PRODUCTIVITY COMMISSION
INQUIRY
INTO PAID MATERNITY, PATERNITY AND
PARENTAL LEAVE**

FAMILIES AUSTRALIA

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Families Australia is the national, independent, peak not-for-profit organisation dedicated to promoting the needs and interests of families.

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CONTENTS

| | | |
|----|--|----|
| 1. | Introduction | 4 |
| 2. | What the inquiry could achieve | 6 |
| 3. | Objectives of a paid parental leave scheme | 8 |
| 4. | Duration and magnitude of benefits | 8 |
| | Appendix A: Families Australia's policy statement on Work and Family | 11 |

Submission by Families Australia
to the Productivity Commission Inquiry
into Paid Maternity, Paternity and Parental Leave

Summary

Families Australia urges the Productivity Commission to consider parental leave as one component of a continuum of supports needed to allow both parents in working families to combine work and family responsibilities.

Australia should leapfrog past solutions for the 20th Century that assume combining work and family responsibilities is primarily a women's issue, and design a parental leave scheme suited to the 21st Century.

Such a system would provide at least 14 weeks, but ideally 24 weeks, of paid parental leave following birth, access to unpaid leave for up to two years to be used by either parent, the right to request part time work by either parent and ongoing parental leave for emergency care.

The system would need to be designed to deal with differences in parents' earning power (in most instances fathers as against mothers) and job security and compensate families for the real cost of wages foregone, if families are to be enabled to make genuine choices with regard to sharing work and family responsibilities.

1. Introduction

Families Australia is the national, independent, non-government peak body which promotes the interests of families at the national level, performing the combined roles of research, analysis, policy advice and advocacy. Our membership includes many of the nation's largest non-government organisations in the family and community sector, as well as a large number of local community bodies, such as child care centres and youth and counselling services.

As part of our policy function, Families Australia monitors family-related research conducted by others. It also gathers information in-house. In addition to consulting its organisational membership, Families Australia consults families

directly via a regular program of focus groups on selected issues of concern to members and/or government.

In recent years, Families Australia has given particular attention to the need to improve support to help families achieve better work-life balance. The topic of the Commission's inquiry is an important element of the reforms needed.

Families Australia agrees with Willem Adema from the OECD when he says, "Finding a better balance of work-family commitments is a key policy challenge as it influences parental labour market outcomes, family outcomes and the shape of future societies"¹.

Adema, who has for some time been the chief researcher at the OECD examining cross-country work/family arrangements among OECD countries, advocates the need for a continuum of support arrangements for working families with children. Parental leave, while important, is only one component of such a continuum, which should comprise both policies and programs that integrate with one another and connect across the age spans of birth, early childhood and school years, including into children's early teens.

The world of family and work changed significantly in the latter part of the 20th Century. Australia has not managed to make many of the adjustments needed by families. Families Australia supports the view that working families need system changes that include: paid parental leave; affordable, quality early childhood education and care; job security during periods of parental leave; school programs that better match parents' work hours and annual leave entitlements; and employment practices and cultures that endorse and support modern families' dual roles at work and in the home. Families Australia would go even further. Through its work with grandparents and with families dealing with

¹ Adema, W (2006) Babies and bosses: findings and insights, presentation given to the Work, Families and Wellbeing Forum, Canberra, May.

ongoing disabilities and elder care, Families Australia extends the concept of such a continuum to encompass arrangements that support working families with care responsibilities for dependents of all ages, including meeting the care needs of aging parents.

While acknowledging that the Productivity Commission Inquiry is specific to paid maternity, paternity and parental leave, such leave entitlements inevitably interact with other conditions affecting the decisions families will make about employment. They therefore need to be thought about in the context of other work/family provisions if their uptake is to have the expected effect and the anticipated costs and are to be realised. The context needs to include, at least, the interactions of leave entitlements with taxation and transfer payments, workplace entitlements and cultures, the high level of casual work in some sectors in Australia and the availability of child care. Ideally, the Commission should consider its recommendations as the first stage of a larger set of reforms involving families and work and should suggest a way forward for achieving coherence between parental leave and other arrangements.

2. What the inquiry could achieve

Australia has trailed most developed countries in guaranteeing workers access to paid parental leave. Paid maternity leave, at least at a modest level, is largely commonplace elsewhere, being already guaranteed in all other OECD countries except the US. Even in the US, many mothers are covered by employer-provided leave entitlements or state-based legislation². The big push in many countries now is to establish entitlements and societal expectations that will permit fathers to take up a more equal share of unpaid family work and to enjoy a larger share of family life, to better match the reality of modern family life which increasingly involves both parents working.

² Hynes, K (2003) What should we consider when assessing the impacts of maternity leave policies? BLCC Working Paper #03-03, Cornell Employment and Family Careers Institute, Ithaca NY

The Inquiry could assist Australia to leapfrog past 20th century solutions that interpreted the phenomenon of women's participation in the labour force as a women's issue and concentrated on maternity leave as a means of supporting women to do both family and paid work. The Inquiry should consider the issue to be a **family** issue, involving mothers and fathers equally, and focus on forms of paid parental leave and associated provisions that will give Australian parents genuine options instead of forced choices for how to reconcile work and family life.

Currently, women in Australia, though high participators in paid employment, tend to work fewer hours than working mothers in other countries. Fathers work long hours to compensate.

- More than 1.7 million Australians work 50 hours or more per week, twice as many as 1982.
- Fathers employed full time spent on average 52 hours per week in employment-related activities – this is among the longest working hours in OECD countries.
- More than 60% of Australian workers work on weekends or between 7am and 7pm.
- While more mothers with children under 15 are employed than at any time in the last decade, those in full time work were still spending an average of 18 hours per week on housework, double the amount of fathers also in full time work.
- A study Families Australia undertook last year highlighted the burdens being carried by carers of children and young people with a disability who wished to remain in the workforce
- An increasing number of parents are 'sandwiched' by responsibilities to care for older family members as well as children

- Grandparent headed families are on the increase. Numerous families face multiple barriers to economic and social participation because of factors such as mental illness and substance abuse.

3. Objectives of a paid parental leave scheme

The primary objective of a paid parental leave scheme should be to enable families to make decisions about working that genuinely suit them, and that work as part of a larger system of work/family supports to allow families to perform dual functions of earning a living and maintain family wellbeing.

Parental leave should give families the time and financial resources to start new family members on strong developmental pathways and maintain strong family relationships.

Parental leave in the perinatal period should support mothers' recovery from the birth and allow them to establish breastfeeding, form a strong attachment bond with babies and support the infants' early development and the adaptation of other children to the new baby. It should also allow fathers time to support mothers in the immediate peri-natal period, form a strong attachment bond with babies and support infants' early development.

Ongoing parental leave should permit either parent to take time off to care for sick children. Working grandparents with primary responsibility for grandchildren should also be eligible for ongoing parental leave.

4. Duration and magnitude of benefits

Mothers need to be able to take leave during pregnancy, for health reasons, and following birth, to recover from the birth. Because every pregnancy is different, there needs to be flexibility in the timing of peri-natal leave. The length of leave mothers require following birth will partly depend on workplace provisions for breastfeeding breaks (and child care, if fathers are not taking parental leave

when mothers return to work). Fathers need to be able to take some limited concurrent peri-natal leave. Depending on a mother's ability to breastfeed (on current recommendations to at least 6 months), there are no inherent reasons why parental leave should discriminate between mothers and fathers after the first three months. Adoptive parents should also have leave at the time of the arrival of the adopted child (and, where required by the adoptive agency, in the time before the adoption) to permit relationships to begin to be established.

In most families, decisions about who will take time out from the workforce, or who will work reduced hours, are determined in large part by who is the bigger earner; this is usually the father. If a scheme of paid parental leave is to ensure that this is not a forced choice, parental leave should reflect the earnings of each parent.

To help fathers take risks and take time off work while the workplace adjusts to fathers' recognising their family responsibilities, a parental leave scheme might need to build in incentives – such as pay above replacement wages. Achieving equal pay for women would also create more options and should be a high priority social and economic goal.

Children's optimum cognitive, emotional and social development requires intensive, high quality care in the first year of life³.

³ Knudsen, E; Heckman, J; Cameron, J; Shonkoff, J (2006) Economic, neurobiological, and behavioural perspectives on building America's future workforce, PNAS July 5, Vol 103, No 27, downloaded 8/5/08, http://www.developingchild.net/pubs/peer/Economic_Neurobiological_Behavioral_Perspectives.pdf

National Scientific Council on the Developing Child (2004) Young children develop in an environment of relationships, Working Paper No 1, downloaded 8/5/08, http://www.developingchild.net/pubs/wp/Young_Children_Environment_Relationships.pdf

National Scientific Council on the Developing Child (2004) Children's emotional development is built into the architecture of their brains, downloaded 8/5/08, http://www.developingchild.net/pubs/wp/Childrens_Emotional_Development_Architecture_Brains.pdf

While this care can be provided outside the home in high quality child care, such care is not widely on offer and is prohibitively expensive. If parental leave were to be costed against the cost of high quality infant child care, parental leave would reduce in its apparent cost.

Within the broad position that families should be supported to adopt the approach to reconciling work and family that best suits their values and preferences, Families Australia considers that a parental leave scheme, together with a broader continuum of work/family system supports, should enable parents to share as equally as possible the joys and burdens of child rearing and other forms of family care.

Accordingly, Families Australia recommends:

- Parental leave be designed as part of a continuum of supports for working families over the lifecycle of a family.
- There should be universal access to family friendly work conditions; this would include, at minimum: access to paid maternity/paternity leave for a minimum of fourteen weeks after birth but ideally up to 24 weeks after birth; access to unpaid leave for up to two years to be used by either parent; the right to request part-time work on re-entry to work following parental leave by either parent; and ongoing parental leave to cover emergency care.

In such a system, parents could be supported to share the full time care of a new infant in his/her first year of life, initially together and then in substitution for one another, and for each parent to work reduced hours during the child's preschool years, topping and tailing child care and preschool arrangements to a graduated extent. For such a continuum of supports to be feasible, employers would need to be willing to offer much more flexible hours and to support the secure employment and career advancement of both men and women who take time away for family work.

Work and family

Families Australia's policy

Vision

All Australian families and individuals find an effective way to reconcile work, family and life priorities

The reconciliation of work and family life directly involves two goals that are important both to individuals and societies: the ability to participate fully in the labour market....and to provide the best for one's own children, giving them the care and nurturing they need. These aspirations need not be mutually exclusive.

Extract from the OECD Report
Babies and Bosses: Reconciling Work and Family Life;
Australia, Denmark and the Netherlands (2002)

Introduction

Families Australia is Australia's national peak, independent, not-for-profit organisation which promotes the interests of families. Families Australia undertakes research and consults families and family and community service organisations on current family-related issues. The outcomes are disseminated to a wide range of stakeholders. This policy statement concerns work and family.

Why a policy on work and family?

- Over the last two decades there have been major changes to the configuration of work and family life in Australia. Most children in Australia now grow up in households with two employed parents. Between 1983 and 2002, the proportion of two-parent families with dependent children in which both parents were employed increased from 40% to 57%.
- Working hours have become longer for many, and work schedules less standardised. Average hours worked by full-time employees have increased since the late 1970s for both women and men. The majority of Australian fathers work full-time, and many work long hours.
- Many workers find themselves in a dual caring role, with their children and their own parents needing substantial support.
- Many grandparents are in the paid or unpaid workforce at the same time as being responsible for the care of children or young people either on a part or full time basis.

- Disincentives to childbearing as a result of real or perceived difficulty in balancing work and family life will continue to impact on Australia's low birth rate and further accentuate the trend toward an ageing population.
- While dual earner families may be the new 'norm', almost one in five of our children is growing up in a 'jobless family': this is strongly correlated with long-term disadvantage.
- Recent research shows that change in the balance between work and family responsibilities is having adverse effects on the quality of life for many Australians.
- In the 2003 Relationships Indicators Survey conducted by Relationships Australia, 89% of respondents 'agreed that relationships are in trouble because finding a work/life balance is so difficult.' Lack of time was identified as the main issue negatively influencing relationships.
- Indications from a range of research are that many parents want more family time, more flexibility in their working arrangements, financial support that assists transitions in and out of work and more information both about their employment entitlements and about parenting. Current research is showing that stress at work does impact significantly on family relationships and family wellbeing.

Families Australia's policies

- Critical to improvements in work-life balance is recognition by governments and employers that the issue of work and family is one of great importance to the wellbeing of the Australian community, including outcomes for children, and the country's economic and social sustainability.
- Policy settings, government services and government information strategies need to reflect the reality that paid employment and family responsibilities are not alternatives but co-exist for most people in different combinations over the life cycle.

Priorities for Action

- National leadership by government, demonstrated through its internal and external policies and practices.
- The health and wellbeing of children needs to be emphasised in future policy development, including the synergies between the health and wellbeing of parents and their children.
- A continuum of supports for working families over the life course of the family, including:
 - Workplace policies that make leave, part-time work and other flexible work practices easily accessible to parents, thus supporting parent-child attachment relationships, giving parents more choice and ultimately attracting more parents to the workforce.
 - Support and facilities within workplaces for nursing mothers who wish to continue breastfeeding after returning to work.
 - Universal access to family friendly work conditions; this would include access to paid maternity/parental leave for a minimum of fourteen weeks, desirably up to twenty-four weeks, following birth and access to unpaid leave for up to a maximum of two years to be used by either parent, right to request part time work on re-entry to work following parental leave by either parent and ongoing parental leave to cover emergency care responsibilities.
- High quality, accessible and affordable early childhood services are vital to improved workforce and work/family outcomes.

- Government, business, unions and the community sector should develop a work and parenting information strategy, to include information about family-friendly work options and tips on how to minimise 'negative spillover' from work to family relationships.
- Government should commission comprehensive economic modelling of the costs and benefits (financial and non-financial) of a range of family-friendly work practices, in particular, greater flexibility in working hours, salary sacrifice schemes, superannuation draw-downs, and conversion of sick leave to carer's leave on an industry-wide basis.
- Government should develop a community awareness campaign on 'fitting work around families' to run in partnership with business, unions, and the community sector, for example, in conjunction with National Families Week.
- Model guidelines should be established for family-friendly shiftwork arrangements, in partnership with employers and unions involved in negotiating and managing shiftwork and families where at least one parent works shiftwork.
- Information on how best to manage the impact of shiftwork, long hours and unsocial working hours on family relationships should be developed in conjunction with relevant experts and distributed through unions and employers.
- A community based awareness campaign should be organised that responds to research findings about the sharing of household responsibilities.
- A community based awareness campaign should be organised that focuses on the needs and aspirations of working fathers.
- A network should be established of employers who will champion workplace cultural change that enables fathers to spend more time with their children and partners.
- A national project should be undertaken to examine and promote wide dissemination of information about quality, secure, family-friendly flexible employment arrangements (including part-time work and job-share opportunities) building on initiatives to date by public and private sector organisations and industry groups. The project could have a 'transitions to work' emphasis and identify the costs and benefits of options for those returning to the workforce whilst caring for family members, also examining the significance of part-time work for the economy.
- A Families and Work website should be developed that would provide workers, parents and other interested people with access to practical information, resources and research on balancing work and family, including re-entry to the workforce, adjusting work patterns around the needs of dependents, financial issues and support services.
- A Charter for Family-Supportive Workplaces should be developed in consultation with employer, business, government and community sector organisations and other relevant stakeholders including unions.
- Government should give clear focus to continuing policy development on work and family issues by designating a portfolio which would take the lead in relation to these matters at a whole-of-government level and by dedicating appropriate staffing and other resources to these matters.
- A more robust and comprehensive business case should be developed in Australia to highlight the financial and human costs and benefits of better work/family practices.
- The business case should be made at industry level as well as whole-of-economy level. This work should include consideration of the costs of doing nothing and the costs of better practices (including who should pay).

- A clearinghouse for information on practice and research could be helpful across public, private and community sectors.

Families Australia activities in relation to work and family

Families Australia's inaugural conference, 'Globalisation, Families and Work: Meeting the policy challenges of the next two decades', was held in Brisbane on 1-2 April 2004. It attracted extensive and nationwide media coverage and provided a timely opportunity to hear leading international and Australian experts address the important issues confronting families, employers and policy makers in the twenty-first century. Attended by people from all levels of government, the community sector, women's groups, industry and business organisations, trade unions and the research community, the conference drew together many strands of the work and family debate.

Subsequently, Families Australia developed policy statements which have formed the basis for submissions to various inquiries, such as the 2005-07 Human Rights and Equal Opportunity Commission's examination of work and family and the 2006-07 House of Representatives House Standing Committee on Family and Human Services Inquiry into Balancing Work and Family.

In May 2006, Families Australia hosted a Work, Family and Wellbeing Forum in Canberra in conjunction with the National Centre for Epidemiology and Population Health at The Australian National University College of Medicine and Health Sciences.

Work and family issues are regularly reported upon in Families Australia publications, including *National Family News* and *Family*. Work and family issues were a focus of discussion at Families Australia's National Family Wellbeing Symposium which was held in Canberra in June 2007.

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