



University of
South Australia

Centre for
Work + Life

Investigating work and its intersection with households,
community and social life in Australia



The Case for Improving Paid Parental Leave in the South Australian Public Sector

Contents

Recommendations	3
Executive Summary.....	4
Parental Leave In Australia	5
Nature of parental leave	5
Legislated provision in Australia	5
Current Public Service provision in Australia.....	6
International Context.....	8
Duration	8
Payment or benefit level.....	9
Duration	9
Maternity leave.....	9
Paternity Leave	9
Parental leave	10
Payment or benefit level.....	10
Recent research findings about the length of leave	10
Grounds for extending paid parental leave.....	12
Child and Maternal Welfare.....	12
PML and Fertility	14
The Australian Productivity Commission’s recent Inquiry.....	15
Fathers	17
Workforce Attachment and Retention	19
Grounds for the South Australian Government to enhance its parental leave provisions	20
State Strategic Planning Goals and Public sector leadership.....	20
Enhancing maternal and child health and development.....	20
Women’s workforce participation and security	21
Attraction of women to the South Australian public service given impending competition for labour	21
Provision for paternity leave.....	22
Provision of leave for casuals.....	22
Recommendations	22

Recommendations

- That the Australian Government provision of paid parental leave be implemented by the South Australian Government in a way that makes the new 18 week provision additional to the full entitlement of paid maternity leave currently provided to state public sector employees;
- That paid maternity leave be extended from 14 to at least 26 weeks for all state government employees;
- The South Australian Government top up the Australian Government 18 week payment to full replacement salary where normal wages are higher than the minimum wage;
- That pro rata paid maternity leave be made available to casual workers, adopting the definition of the Australian Government (ie leave is available to all women who have been engaged in work continuously for at least 10 of the 13 months prior to the expected birth or adoption of the child; and have undertaken at least 330 hours of paid work in the 10 month period.);
- That the all state government employees be entitled to two weeks paid paternity leave.

Direct benefits to the South Australian Government if current provisions are enhanced include:

- The probability of higher fertility outcomes in line with state strategic goals;
- An enhanced reputation as an 'Employer of Choice' at a relatively modest cost;
- Enhanced well-being outcomes for new mothers who work in the state public sector, and better health and well-being outcomes for their infants and families
- Encouragement to women to pursue long-term careers in the state public sector and aspire to senior leadership positions in greater number, as set out in the state strategic plan.

Executive Summary

- This paper focuses on the effects of extending paid maternity leave beyond 14 weeks, drawing on the body of existing international research. It also considers the question of the level of payment and the impact this has on the period of leave taking by new mothers.
- Evidence continues to accumulate internationally about the benefits of extended paid maternity and parental leaves for women, children and workplaces.
- Many countries are moving to increase the period of paid leave available to mothers, and some are extending leave for fathers as well.
- When provisions are made for paid leave, not surprisingly women take longer periods of leave. This is associated with many positive benefits for women, children and workplace. These effects are above and beyond the effects of unpaid leave, and equivalent cash payments to parents.
- The level of financial support provided is vital for women: higher rates of support (ie closer to income replacement) are associated with the taking of longer leaves, and the positive benefits then flow from this leave in the form of higher rates of breast feeding, better health outcomes for mothers, and better child health and well-being outcomes.
- Longer paid leaves – between nine and twelve months – are preferred by most Australian mothers according to recent research.
- Longer paid leaves are associated with good rates of return to paid work and to the pre-leave employer.
- The benefits to women, children and workplaces from extended periods of paid leave continue to be affirmed in the international literature.
- Countries with paid paternity leave or those that quarantine a portion of leave for fathers only on ‘a use it or lose it’ basis have higher rates of male leave taking.

Parental Leave In Australia

Nature of parental leave

Paid maternity leave is generally defined as paid time away from work with the right to return to work after having a child or adopting a child. It accommodates recuperation from birth and the early care of infants and is thus not a welfare payment to assist with the cost of having a baby and child rearing, but allows women to rest and recover from birth and to bond with a new baby. Paid paternity and parental (and adoption) leave are similar in that they are paid, job-protected leave from work.¹

Legislated provision in Australia

The Australian Government plans to introduce a Paid Parental Leave (PPL) scheme for new parents who are the primary carers of a child born or adopted on or after 1 January 2011. The scheme is based on that proposed in the Productivity Commission's Final Inquiry Report *Paid Parental Leave: Support for Parents with Newborn Children*².

Under the terms of the new scheme an eligible person will receive taxable PPL payments at the level of the Federal Minimum Wage, currently \$543.78 a week, for a maximum period of 18 weeks. In most cases, the person will receive the payment through their employer³.

To be eligible for the PPL scheme, the primary carer (usually the mother) must be in paid work and have:

- been engaged in work continuously for at least 10 of the 13 months prior to the expected birth or adoption of the child; and
- undertaken at least 330 hours of paid work in the 10 month period (an average of around one day of paid work a week).

An income test of \$150,000 will apply based on the primary carer's adjusted taxable income in the previous financial year. PPL will cover employees, including casual workers, as well as contractors and the self-employed. If a primary carer returns to work before they have received all of their PPL entitlement, they may be able to transfer the unused part of their PPL to another caregiver (usually the father) who meets eligibility requirements.⁴

There is no provision for paid paternity leave in the Australian Government scheme.

¹ Baird M, Whelan J, Page A, (2009) *Paid maternity, paternity and parental leave for Australia: An evaluation of the context, evidence and policy options*, The University of Sydney, Sydney, p iii

² Productivity Commission (2009) *Paid parental leave: Support for parents with newborn children*, Productivity Commission Inquiry Report, No 47, 28 February 2009, Canberra.

³ Australian Government (2009) *Australia's Paid Parental Leave Scheme. Supporting working Australian families*, Commonwealth of Australia, Canberra.

⁴http://www.familyassist.gov.au/Payments/familyassistance/paid_parental_leave/Pages/default.aspx#6 - accessed 23.10.09

Current Public Service provision in Australia

Paid maternity leave in the Commonwealth and State public services is currently provided at 12 to 14 weeks (table 1).

However this is likely to increase now that the Commonwealth Government has adopted a national paid scheme and public and private sector organisations will need to review the nature of their schemes and their relative competitiveness.

For example, the ACT Government has committed to paid maternity leave of 18 weeks and bonding leave of two weeks, as outlined in government press releases of May 4, 2009⁵:

The ACT Government will introduce the nation's most generous whole of government paid maternity leave scheme for public sector workers and double bonding leave, Chief Minister, Jon Stanhope announced today.

In introducing the extension of leave, Mr Stanhope, the Chief Minister, said 'the investment would help make the ACT public service the employer of choice for young working families'. As part of the initiative, the ACT Government also doubled paid paternity leave, providing two weeks of bonding leave. In addition to the new 18 weeks paid maternity leave, women in the ACT public service can access up to three years of unpaid leave following the birth of their child and work part-time for up to three years after maternity leave."

Table 1: Paid Maternity Leave in the Public Sector Australia

Public service paid maternity leave standards as at July 2008⁶	Commonwealth	Vic	Qld	WA	Tas	SA	NSW
Weeks of paid Maternity leave	12	14	14	14	12	14	14

Source: Baird et al 2009, p iv.

The existing South Australian Government scheme is 14 weeks paid maternity leave and includes an employer contribution to superannuation for this period. It is also possible to take unpaid paternity leave and unpaid parental leave.

Part time and full-time employees are entitled to the same amount of parental leave (i.e. the equivalent of 52 weeks).

In addition to the entitlements normally available under the PSM Act, employees may have further entitlements relating to paid maternity and adoption leave and unpaid parental leave contained in an appropriate Industrial instrument, so that the general standard needs to be read in conjunction with other industrial instruments.

⁵ <http://www.chiefminister.act.gov.au/media.php?v=7958> – accessed 6.10.09
<http://www.chiefminister.act.gov.au/media.php?v=8185> - - accessed 6.10.09

⁶ Op Cit Baird et al Table 2.1, p iv

Part-time employees have the same entitlements as full-time employees, on a pro-rata basis according to the average number of contracted hours during the immediately preceding 12 months (disregarding any periods of leave).⁷

However, there is no provision for casual workers under the South Australian Government's parental leave scheme with them expressly excluded from the provisions under the current enterprise agreement.

⁷ Commissioner's Standard 3.4 *Responsive and Safe Employment Conditions LEAVE*
http://intra.sa.gov.au/Policies/cpe/docs/Standard_3-4.pdf - accessed 6.10.09

International Context

Baird et al. (2009) summarise the international basis for paid parental leave as follows:

The international literature shows that government policies addressing paid maternity, paternity and parental leave exist at the intersection of a number of policy areas: including labour market policy; industrial relations policy; population and fertility policies; the state's liberal/welfare orientation, family assistance policy; and the state's attitude to its role in maintaining, reinforcing or redressing class and gender inequality. Unsurprisingly, then, the philosophies that underpin the provision of paid and unpaid maternity, paternity and parental leave vary widely — as do the systems themselves.⁸

One of the main motivations for paid leave is to assist breast feeding of infants. Reflecting the growing body of research about the strong positive links between breast feeding and infant health, international bodies have lengthened the period recommended for breast feeding. In recent years the World Health Organization, the US Department of Health and Human Services, and Health Canada have extended exclusive breastfeeding advisories to 6 months, and recommendations for continued feeding up to 2 years⁹.

Given that paid work and breast feeding are difficult to combine, there has been continuing attention around the world to supporting women to take time out of paid work to maximise their chances of success at breast feeding.

Only the US amongst developed countries does not offer paid maternity leave. Several American states now offer state-based systems. A number of countries are moving to increase the period of paid leave, with the longest periods of paid maternity and parental leave in the Nordic countries.

The information provided below (in the shaded box) refers to maternity, paternity and parental leave schemes internationally and is not confined to public sector employees. It is drawn from Baird et al. 2009, analysing paid maternity, paternity and parental leave models operating in 24, mostly OECD countries, as at July 2008 (used with permission).

Duration¹⁰

In terms of continuous postnatal leave that can be paid and unpaid, countries broadly divide into those where total continuous postnatal leave available, including maternity leave, parental leave and childcare leave, comes to around 9 to 15 months (Belgium, Canada, Denmark, Greece, Ireland, Italy, Slovenia and the UK); and those where continuous leave can run for up to three years (Czech republic, Estonia, Finland, France, Germany, Hungary, Norway, Portugal and Spain).

Where a specific period of maternity leave is provided, the duration is usually between 14 and 24 weeks. Norway, Sweden, Denmark and Finland stand out internationally in the length of paid maternity leave offered with the length varying as follows: Norway (48 weeks), Sweden (32 weeks), Denmark (50 weeks, comprised of 18 weeks paid maternity leave plus 32 weeks paid parental leave) and Finland (43 weeks, comprised of equivalent of 17.5 weeks paid maternity leave plus 26.5 weeks paid parental leave).

⁸ Baird et al, (2009) p 25

⁹ The World Health Organization recommends 6 months of exclusive feeding. The US Department of Health and Human Services recommends 6 months of exclusive feeding, with continued feeding to 1 year. Health Canada recommends 6 months of exclusive feeding, with continued feeding up to age 2 and beyond.

¹⁰ Baird et al, (2009) p vi-vii.

Payment or benefit level

In OECD countries, the cash benefit provided while on maternity or parental leave replaced between 70 per cent of prior wages and the full wage (or the maximum covered under social insurance) in 16 countries while in another seven countries the benefit replaced between 50 and 70 per cent of the wage. Low payments are characterised by being flat rate or means tested or paid for only part of the leave period, or a combination of these, and higher wage replacement benefits are generally paid at an earnings-related benefit pitched at more than half of normal earnings.

Duration¹¹

Continuous post-natal leave

Broadly, countries divide up into those where total continuous post natal leave available, including maternity leave, parental leave and childcare leave come to around 9 to 15 months (Australia, Belgium, Canada, Denmark, Greece, Ireland, Italy, Slovenia and the UK); and those where continuous leave can run for up to three years (Czech republic, Estonia, Finland, France, Germany, Hungary, Norway, Portugal and Spain). Note that some countries, like Sweden, do not distinguish between maternity leave, paternity leave and parental leave, as such. The outliers are Australia with 52 weeks unpaid leave, the USA (except for California) with no statutory parental leave, and Sweden which offers 18 months of leave if all available leave is taken consecutively.

Maternity leave

Where a specific period of maternity leave is provided, the duration is usually between 14 and 24 weeks. Norway (48 weeks), Sweden (32 weeks), Denmark (50 weeks: comprised of 18 weeks paid maternity leave plus 32 weeks paid parental leave) and Finland (43 weeks: comprised of 17.5 weeks paid maternity leave plus 26 weeks paid parental leave) stand out internationally in the length of paid maternity leave offered with the length varying. However, it is evident that these heralded longer periods do not always strictly fall within the definition of maternity leave because usually a significant portion of the leave is actually attributable to paid parental leave entitlements.

Worldwide, the standard for EU and OECD countries goes well beyond the ILO convention requirement of 14 weeks with the average paid maternity leave being about 16 weeks, typically including six weeks before birth. Some countries (like Belgium) also pay an additional lump sum 'birth allowance', or nursing allowance, or in-kind childbirth 'package' consisting of clothing and pharmaceutical items (Kamerman & Gatenio, 2002).

Some countries have mandatory pre- and post-birth 'maternity' components, others allow mothers to choose to use the leave after childbirth. The pre-birth periods range from 2 to 8 weeks: 2 weeks, Ireland; 4 weeks, France, Iceland, Slovenia; 6 weeks, Czech Republic, Germany, Netherlands; and 8 weeks, Greece.

Paternity Leave

The period of identified paid paternity leave usually varies from 2 days to around 2 weeks. Longer periods of paid paternity leave are available in Norway (2 weeks plus 6 weeks fathers' quota from the parental leave entitlement) and Sweden (10 days plus 60 days fathers' quota from parental leave entitlement). Again, these oft-quoted longer periods do not strictly fall within the meaning of paternity leave but rather form part of the 'fathers' quota' from paid parental leave allowances.

¹¹ Baird et al, (2009) p 38-39

Parental leave

Among the OECD countries the average childbirth-related leave (maternity, paternity and parental leaves) including both paid and unpaid, is almost one and a half years. The average duration of the paid leave is 36 weeks (typically including the period of paid maternity leave) and is further supplemented by child rearing leave (i.e., leave that parents use to care for children after their parental leave has been exhausted). In countries for which take-up rates are available, parental leave among women tends to be over 90 per cent (except for the Netherlands). Denmark, Norway and Sweden have mandated that at least one month of parental leave is a 'use it or lose it' option for fathers²⁹ and fathers' take-up rates of parental leave are comparatively higher in these countries than those without the 'use it or lose it' options (Kamerman & Gatenio, 2002)

Payment or benefit level

[...]The cash benefit provided while on maternity or parental leave replaced between 70 per cent of prior wages and the full wage (or the maximum covered under social insurance) in 16 countries while in another seven countries the benefit replaced between 50 and 70 per cent of the wage. Low payments are characterised by being flat rate or means tested or paid for only part of the leave period, or a combination of these, and higher wage replacement benefits are generally paid at an earnings-related benefit pitched at more than half of normal earnings. In contrast, Table A.2 in Appendix A shows that paternity benefits tend mostly to be between 70 and 100 per cent of prior wages, although in some countries, the benefit is capped. By way of exception, the UK and Estonia provide a low, flat rate paternity leave benefit.

Recent research findings about the length of leave

Both Canada and California provide examples of 'natural experiments' in relation to the effects of extending periods of paid maternity leave.

In Canada, mothers giving birth before 31 December 2000 were entitled to a maximum of approximately 6 months of job-protected, compensated maternity leave. For children born after that date, both benefit entitlement and job protection were extended to about 1 year in most provinces. Evaluations of this increase suggests that increased periods of paid leave result in increases in the length of breast feeding with breastfeeding increasing for 'one-third of a month with every additional month not at work, which implies an elasticity of 0.458'¹².

The same authors have examined the impact of longer leaves in Canada on return to work outcomes. They find that:

in contrast to the shorter leaves, longer entitlements significantly increase the period mothers are at home postbirth. Third, we find that maternity leave entitlements of all lengths studied increase job continuity with the prebirth employer.¹³

Also analysing the Canadian 'natural experiment' Hanratty and Trzcinski recently found that the changes in Canada resulted in a substantial increase in the duration of time at home in Canada relative to the US, and that this increase was larger for more economically advantaged groups of women¹⁴. They found no sign that these extended periods of leave were associated with a decline in women's employment rates after their children reached 1 year.

¹² Baker M., and K. Milligan (2008) p 873

¹³ Baker, M., K. Milligan (2008) 'How does job-protected maternity leave affect mothers' employment?' *Journal of labor economics* 26 (4) p 655-691: p 657

¹⁴ Hanratty M., and E. Trzcinski (2005) 'Impact of family leave in Canada and the United States on Post-birth employment dynamics of women' Paper at the Society of Labor Economists

In California, the extension of paid leave has now been studied and mothers who take more than 12 weeks leave have a much higher probability of establishing and continuing with breast feeding, relative to women returning to work, after adjusting for covariates. This study found that the ‘impact of short postpartum leave on breastfeeding cessation was stronger among non-managers, women with inflexible jobs, and with high psychosocial distress’¹⁵.

Australian researchers have examined the optimal period of leave from the perspective of mothers’ perceptions of satisfaction with their leave periods¹⁶. They found that:

a high proportion (around two-thirds) of mothers working as employees in the Australian labour market and taking some leave around the birth of a child reported returning to work earlier than they would have preferred, mostly for financial reasons. Lack of adequate access to paid maternity leave was clearly a concern – almost half the women in our sample would have taken longer leave given more generous policies. While it is perhaps unsurprising that many women would take longer leave if it could be paid, there was no sense that mothers simply wanted unlimited periods of paid leave. Dissatisfaction with leave duration (and, specifically, the likelihood that women would have taken longer if they had access to paid maternity leave) fell markedly for periods over 9 months and up to 12 months (40–52 weeks); but there was limited evidence of a continuing decline in dissatisfaction associated with leave periods longer than this. Our findings suggest that at least some of the pressures that lead women to return to work ‘too early’ would be ameliorated by improved access to paid maternity/parental leave – sufficient to sustain a leave period of at least 9 and preferably 12 months¹⁷.

A recent article in the *International Journal of Public Health* reviewed 13 original studies conducted since 1990 about the association between the length of maternity leave and maternal and child health indicators¹⁸. It found that:

General mental health (depression, anxiety, general positive affect, life satisfaction) at 7 and 9–12 months after childbirth was improved in women with maternity leaves beyond 15 weeks and 24 weeks respectively, when compared to leaves of below 9 weeks (McGovern et al. 1997; Gjerdingen & Chaloner 1994). A positive association with vitality and role function was seen for maternity leaves beyond 12 and 20 weeks, respectively... Longer maternity leaves were associated with a marked decrease of post-neonatal mortality and of child mortality (deaths between 1 and 5 years of age). These two indicators, as well as infant mortality, were reduced by 3 to 4 % per increase of maternity leaves of 10 weeks. In the study of Winegarden et al. (1995), a prolongation of maternity leave of 10 % was associated with a decrease in infant mortality of 3 to 5 %. (McGovern et al. 1997)¹⁹.

Meeting, Sanfrancisco, 2-5 June 2005, p 4.

¹⁵ Sylvia Guendelman, Jessica Lang Kosa, Michelle Pearl, Steve Graham, Julia Goodman, and Martin Kharrazi (2009) ‘Juggling Work and Breastfeeding: Effects of Maternity Leave and Occupational Characteristics’, *Pediatrics*, Jan 2009; 123: e38 - e46: p 1.

¹⁶ Whitehouse G, Hosking A Baird M *Asia Pacific Journal of Human Resources*, 46 (3) p 288-302.

¹⁷ Op cit p 300-302.

¹⁸ Staehelin, K; Berteau, PC; Stutz, EZ (2007) ‘Length of maternity leave and health of mother and child - a review’, *International Journal of Public Health*, 52 (4), p 202-209.

¹⁹ Staehelin et al, (2007) p 205

Grounds for extending paid parental leave

In recommending 18 weeks of paid maternity leave for the national scheme, the Productivity Commission recognised that this was not the optimum period for a mother to take leave from the workforce. Longer periods are highly desirable on several grounds.

Child and Maternal Welfare

The effects of PML are well established in the international research literature. The positive benefits are summarised by Waldfogel:

A host of studies have found that parental leave is associated with better maternal and child health, with specific findings for lower maternal depression (Chatterji and Markowitz, 2004); lower infant mortality (Ruhm, 2000; Tanaka, in press); fewer low birth-weight babies (Tanaka in press); more breast-feeding (Berger, Hill and Waldfogel, in press); and more use of preventative health care (Berger et al., in press). The research is also clear that unpaid leave does not have the same protective effects (Ruhm, 2000, Tanaka, in press), which makes sense, given that parents are less likely to use paid leave if it is not paid²⁰.

The international consensus is that responsive, sensitive care is the critical element of early care for children. Most parents prefer to offer that infant care themselves, but for many it is only possible through paid leave arrangements and for many, for a short period. In this circumstance, the international literature suggests that paid leave will result in significant improvements in children's long term cognitive, physical and emotional health. This is confirmed by a range of international surveys of literature (see for example Shonkoff and Phillips 2000 and Smolensky and Gootman 2003). As Waldfogel summarises:

Maternal employment in the first year, particularly if begun early and full-time, is associated with poorer cognitive development and more behaviour problems, for at least some children (see Brooks-Gunn, Han and Waldfogel 2002 for the US; and Gregg, Washbrook, Proper and Burgess, in press for the UK; see also reviews in Shonkoff and Phillips, 2000; Smolensky and Gootman, 2003). These effects vary by the type and quality of childcare, the quality of parental care, and family income.

Early return to work by women when they have limited access to paid leave has negative outcomes for children; these are especially visited on the children of lower income parents.

Waldfogel explains how the overall benefits of increasing PML can be measured in terms of significantly improved infant mortality and post-neonatal mortality, as well as improved parental choice and savings for childcare. For example, she recommended that the UK specifically increase the period of PML from 6 to 12 months, arguing that:

The benefits would be very substantial: reduced infant mortality (based on results from a study of parental leave and child health across OECD countries, extending paid leave from 6 to 12 months in the U.K. is estimated to reduce overall infant mortality by 6.8% and post-neonatal mortality by 10.5% (Gregg and Waldfogel, in press; Tanaka, in press); improved child cognitive and social and emotional development; longer breast-feeding; and improved maternal and child health. In addition, extending parental leave would produce savings in child care costs, and would be responsive to what parents say they

²⁰ Waldfogel, Jane (2004). *Social Mobility, Life Chances and the Early Years*. CASEpaper 88, Centre for Analysis of Social Exclusion, LSE, London, p 6.

want²¹.

Ruhm²² makes a convincing case about the effects of paid parental leave on infant health. He studies aggregate data in 16 European countries between 1969 and 1994, finding that ‘more generous paid leave is found to reduce deaths of infants and young children. The magnitudes of the estimated effects are substantial, especially where a causal effect of leave is most plausible’²³. For example, a 10 week increase in paid leave ‘is predicted to reduce infant mortality rates by between 2.5% and 3.4%. By contrast, unpaid leave is unrelated to infant mortality which makes sense of parents are reluctant to take time off work when wages are not replaced’²⁴. Ruhm estimates that a year of paid leave is associated with around a 20 per cent decline in post-neonatal death (ie deaths of babies more than 28 days old and less than a year) and 15 per cent in deaths between 1 and 5 years²⁵.

As we have noted, the World Health Organisation now recommends that women exclusively breastfeed their babies for six months²⁶. PML increases the effective period of leave taken by mothers and is associated with longer periods of breastfeeding. Roe et al²⁷ found that an extra weeks paid leave after birth increases the length of breast-feeding by 3 or 4 days. This also has effects on neo-natal death. Ruhm finds that a substantial paid leave period ‘might increase breast-feeding sufficiently to prevent 0.5 to 1.0 post-neonatal deaths per 1000 live births. This represents a 7% to 14% reduction in this source of mortality, compared to the 1969 average’²⁸.

A 2005 special issue of the *Economic Journal* advanced the state of knowledge about the effects of PML internationally. Berger et al in that issue assessed US data about parental leave and find:

causal relationships between early returns to work and reduction in breastfeeding and immunisations, and increases in externalising behaviour problems among children whose mothers worked pre-birth... These results suggest a causal link between early maternal employment and child outcomes. They also imply that longer periods of maternity leave could enhance children’s health and development²⁹.

In the same special issue of the *Economic Journal* Tanaka³⁰ analyses the effects of maternity leave in 18 OECD countries between 1969 and 2000. Her analysis includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United States and the UK. She finds that longer periods of paid leave are correlated with reduced infant mortality and that this persists regardless of country, year, controls on general health expenditure and other social programs affecting

²¹ Op Cit (2004) p 15.

²² Ruhm, Christopher (2000). ‘Parental Leave and Child Health’. *Journal of Health Economics* 19(6): 931-960.

²³ Op cit., (2000) p 931.

²⁴ Op cit., (2000) p 947.

²⁵ Op cit., (2000) p 947.

²⁶ Human Rights and Equal Opportunity Commission (2002). *Valuing Parenthood. Options for Paid Maternity Leave: Interim Paper*. Sydney, Human Rights and Equal Opportunity Commission.

²⁷ Roe, B., Whittington, L. A., Fein, S. B., Teisl, M. F. (1997) ‘Is there competition between breastfeeding and maternal employment’ Mimeo, Georgetown Public Policy Institute.

²⁸ Op cit., (2000) p 952.

²⁹ Berger, Lawrence, Hill, Jennifer, and Waldfogel, Jane (2005). ‘Maternity Leave, Early Maternal Employment, and Child Health and Development in the US.’ *Economic Journal*, 115 (February) F29-F47, p F30.

³⁰ Tanaka, Sakiko (2005). ‘Parental Leave and Child Health Across OECD Countries.’ *The Economic Journal*, 115 (February) F7-F28.

children.

Specifically her study shows that a ten-week extension in paid leave reduces the infant mortality rate by 2.6 per cent with an even greater effect for post-neonatal mortality (of 4.1 per cent). Applying her findings, increasing paid leave to twelve months in the US (which lacks any paid leave at present) would reduce infant mortality rates by 13.6 per cent. In the UK (where currently the paid leave entitlement is six months) it would cut them by 6.8 per cent.

While social policies like cash payments to families also have significant effects on decreasing post-neonatal mortality rates, controlling for such policies does not eliminate the positive effects of PML on post-neonatal mortality. Paid leave has effects beyond the cash payment benefit, in Tanaka's study.

The editors of the special *Economic Journal* issue summarise how this research provides robust evidence that longer periods of maternity leave lead to better child health and lower infant mortality across time and place³¹:

Children whose mothers stay out for more than 12 weeks are more likely to be breast fed, are breast fed longer, are more likely to be fully immunised and are more likely to receive recommended preventative (well-baby) care. The policy implication of this is clear: extending paid job-protected maternity leave will lead to improvements in child health. How large the gains are will depend on what the leave entitlement is currently and how long the extensions are³².

PML and Fertility

What of the effect of extending periods of PML on fertility? This question is of interest in the South Australian context in view of the state's strategic goals of increasing population. There is limited research about the association between PML and fertility compared to PML and labour market participation and health. Nonetheless, there is material available and it suggests a positive association, of varying strength, between PML and fertility. Some of this effect relates to the timing of birth; however, most of it finds some kind of positive association between financial and leave benefits and overall fertility outcomes.

European demographers suggest that pro-natalist policies like PML, public childcare and extensive parental leave may raise the birth rate by between 0.2 and 0.5 of a percentage point³³. This would take Australia to replacement rate, and stem recent declines. Australian demographer Peter McDonald has claimed that such policies can have a real effect in Australia. Certainly the higher average age of mothers on their first birth (now 30 years), and the consequent loss of opportunity to have a second or third child, has contributed to the low birth rate.

Recent literature on the question of fertility has been summarised by LaLive and Zweimuller as a precursor to their own analysis of data about how changes in parental leave have shaped fertility in Austria³⁴.

³¹ Gregg, Paul and Jane Waldfogel (2005). 'Introduction to Symposium on Parental Leave, Early Maternal Employment, and Child Outcomes.' *The Economic Journal*, 115, (February), (F1-F6). See also Gregg, Paul, Elizabeth Washbrook, Carol Propper, and Simon Burgess (2005). 'The Effects of a Mother's Return to Work Decision on Child Development in the UK.' *The Economic Journal* 115, (February).

³² Gregg et al, (2005) p F4.

³³ Insight, SBS Television, 15 August 2002.

³⁴ LaLive R., and J. and Zweimuller (2006) 'Does parental leave affect fertility and return-to-work? Evidence from a true national experiment', Unpublished paper.

A study of the effects of East Germany's extension of PML from 18 to 26 weeks in 1976 found that it resulted in a very significant increase in fertility in subsequent years³⁵.

Even unpaid PML in the US has been found to increase the probability of birth³⁶ as have US financial incentives (for example tax exemptions for dependents³⁷. Similar effects have been observed in Canada and the UK³⁸. A panel study in 22 OECD countries shows that financial benefits for families have a significant, if modest, effects on fertility³⁹.

In Sweden, changes to parental leave payment rules in the 1970s let parents keep their parental leave benefits when an additional child was born within a certain time frame. This led to a 'substantial increases in Swedish fertility rates' in the late 1970s and early 1980s⁴⁰. Financial payments to parents at birth have also been found to increase fertility: the introduction of a payment of C\$8,000 on the birth of a child in Quebec Canada had a significant positive impact on fertility⁴¹.

LaLive and Zweimuller find in their analysis of Austria that the 1990 policy change which increased the maximum period of PML from a child's first to their second birthday had a 'strong impact' on the probability of having a second child, decreasing the spacing and increasing the number of births – by at least 15 per cent over three years⁴². They also analyse the effect of a reduction in the leave period from 24 to 18 months in 1996, concluding that an 18 month period of leave maximises fertility and return to work in the Austrian context.

To conclude, there is considerable research interest in the positive benefits arising from PML with mounting evidence of positive benefits for health, participation and fertility. These outcomes are consistent in a range of countries, years, economic circumstances and independent of other positive family-friendly measures.

The Australian Productivity Commission's recent Inquiry

After extensive submissions and literature reviews in 2008/09, the Productivity Commission report on Paid Parental Leave found extensive evidence in support of paid parental and

³⁵ Buttner T. and W. Lutz (1990) 'Estimating fertility response to policy measure in the German Democratic Republic' *Population and Development Review*, 16, 539-555.

³⁶ Averett, S. L., and L. A., Whittington (2001) 'Does maternity leave induce births?', *Southern Economic Journal* 68, 403-417.

³⁷ Averett, S. L., and L. A., Whittington (2001) 'Does maternity leave induce births?', *Southern Economic Journal* 68, 403-417. Whittington, L. A., (1992) 'Taxes and the family: The impact of the tax exemption for dependents on marital fertility' *Demography*, 29, 215-226.

³⁸ Zhang J., J. Quan, P. van Meerbergen (1994) 'The effect of tax-transfer policies on fertility in Canada, 1921-88', *Journal of Human Resources* 29, 181-201. See also Ermisch J. (1988) 'Econometric analysis of birth rate dynamics in Britain', *Journal of Human Resources*, 23, 563-576.

³⁹ Gauthier A. H. and J. Hatzius (1997) 'Family benefits and fertility: an econometric analysis'. *Population Studies* 51, 295-306.

⁴⁰ LaLive R., and J. and Zweimuller (2006) 'Does parental leave affect fertility and return-to-work? Evidence from a true national experiment', Unpublished paper. p 4)

⁴¹ Milligan K. (2005) 'Subsidizing the stork: New evidence on tax incentives and fertility' *Review of Economics and Statistics*, 2005.

⁴² LaLive R., and J. and Zweimuller 2006, p 21.

maternity leave on the grounds of child and maternal welfare. Drawing together the key points from their analysis and in line with much of the international evidence quoted above, they conclude:

- “There is compelling evidence of child and maternal health and welfare benefits from a period of absence from work for the primary caregiver of around six months and a reasonable prospect that longer periods (nine to twelve months) are beneficial.
- While many pregnant women can safely continue to work until shortly before birth, the required length of pre-birth leave will depend on the health of the mother-to-be, as well as her job and working conditions. This points to the importance of flexibility for work and prenatal leave decisions...
- Maternal recovery can be prolonged and an early return to work may increase the risk of depression and anxiety. On maternal recovery grounds, the length of absence from work should be no less than 12 weeks and potentially up to six months with wellbeing after that time dependent more on women’s preferences than recovery.
- The biomedical literature suggests there are benefits from breastfeeding for infants and children (particularly if exclusively breastfed for six months) as well as for mothers. The evidence also suggests a positive association between paid parental leave and the duration of breastfeeding. Paid parental leave, together with support for breastfeeding, has the potential to improve breastfeeding rates.
- The evidence is most compelling that six months exclusive parental care fosters improved developmental outcomes (with evidence of problems strongest where nonparental care is initiated early, child care hours are extensive and care is of low quality). For the period six to 12 months the evidence is inconclusive, but beyond 12 months it suggests positive effects from quality non-parental care...
- There is evidence that paternity leave has emotional benefits for fathers, positively affects children’s emotional and educational achievement and provides support for the mother...”⁴³

While there will be considerable variation in women’s recovery time after birth and preferences as to when they return to work the Productivity Commission cited a large body of research in support of a minimum six month period of absence (for the primary care giver) from the paid workforce as follows:

- The health problems and physical problems experienced by women post birth, including exhaustion/extreme tiredness and backache, with 49 per cent of women in an Australian study by Thompson et al reporting these health problems between 17 and 24 weeks postpartum⁴⁴.
- The longer recovery periods for women having babies by caesarean section, with 31 per cent of babies delivered by caesarean section in 2006, as reported by Laws and Hilder in 2008⁴⁵.
- The impediments to women’s ability and readiness to integrate the new role as a mother with other roles and duties including repeated baby night-time awakenings, together with a lack of

⁴³ Productivity Commission, *Paid Parental Leave: Support for Parents with Newborn Children, Inquiry report*, May 2009 p 4.1

⁴⁴ Op Cit Productivity Commission p 4.13

⁴⁵ Op Cit Productivity Commission p 4.13

physical energy that make it a matter of months rather than weeks for mothers to return to full functional status⁴⁶.

- The importance of leave in supporting the psychological health of mothers and the link between women's actual and preferred roles and satisfaction with the role⁴⁷.
- Evidence of health benefits from breast feeding for infants, children and mothers and the cost to health care of early weaning, with the WHO recommending exclusive breastfeeding for the first six months of a baby's life⁴⁸.
- Higher rates of breastfeeding occur in Australia when women are not in paid work, have low number of hours of paid work, have flexible hours, are self employed. International studies indicate that rates of initiating breastfeeding and sustaining breastfeeding increased with longer return periods to work and that paid leave in UK and Canada increased the duration of breastfeeding.⁴⁹
- Six months exclusive parental care fosters improved developmental outcomes for children, with "the greatest potential for negative effects from non parental care when child care is initiated early (in the first three to six months of a child's life), when the hours of child care are extensive and child care is of low quality⁵⁰.

Fathers

Support for fathers' participation in the care of children is based on conceptions/policies around family assistance, gender role definition, equity and workforce participation for women.

The Productivity Commission reported that many submissions to their inquiry argued for a period of paternity leave (commonly a two-week paid leave period) to enable fathers to bond with their new baby, adjust to their new role and provide support to their partners.

In support of a period of paid parental leave, submissions⁵¹ to the Commission highlighted that interpersonal relationships are 'critical to men's health and wellbeing', that 'fathers' involvement in their children's lives has positive impacts on the child's development', that 'new fathers typically bear a greater proportion of financial responsibility for the family following the birth of a child and fathers of infants work very long hours', that 'paternal involvement can ameliorate the effect of post natal depression on the mother and the baby' .

Internationally there are changing social norms that recognise fathers' role in child care so that a number of countries provide paternity leave or 'daddy days' as reserved leave, non-transferable leave for fathers' use only. Some countries also promote gender equality by making provision for paid maternity leave, paid paternity leave and paid parental leave.

Baird et al's 'possible exemplars⁵² for Australia' include Denmark where men are entitled to 2 weeks paid paternity leave and families are entitled to 32 weeks paid parental leave at 100 per cent of earnings, (up to a ceiling), Iceland with three months paid leave to each parent and a further three months to be shared and Sweden where men are entitled to 60 days of paid leave at a high replacement rate and, additionally, each parent is entitled to 180 days paid parental leave, also at a high replacement rate (up until 390 days) which is transferable to each other.

⁴⁶ Op Cit Productivity Commission p 4.13

⁴⁷ Op Cit Productivity Commission p 4.14 – 4.15

⁴⁸ Op Cit Productivity Commission p 4.19-4.24

⁴⁹ Op Cit Productivity Commission p 4.24-4.28

⁵⁰ Op Cit Productivity Commission p4.45

⁵¹ Op Cit Productivity Commission p4.46-47

⁵² Op Cit Baird et al p xii

The Productivity Commission recommended two weeks of paternity leave reserved for the father, or same sex partner, and concurrent with their partner's PPL, acknowledging:

the lesson from overseas experiences that men rarely take paid parental leave if it is at the expense of women's use of that leave, and more generally take low levels of leave around the birth of the child.⁵³

The Commonwealth Government has not yet taken up this recommendation, but may allow fathers' access to unused portions of their partners' PPL, saying that if a primary carer returns to work before they have received all of their PPL entitlement, they may be able to transfer the unused part of their PPL to another caregiver (usually the father) who meets eligibility requirements.

However to do so will limit the time available to women. Existing evidence suggests this is not women's preference because of biological (breastfeeding and maternal recuperation), social (motherhood norms) and financial reasons (gender pay gaps).

International evidence suggests that countries 'with the highest paternal participation rates are those with non-transferable leave programs (Sweden, Norway, Iceland) and those that offer high-wage replacement rates'.⁵⁴

The new National Employment Standard provides for three weeks of unpaid parental leave to be taken by the non-primary care-giver concurrent with leave by the primary carer. However the Productivity Commission report highlights the importance of paid leave for fathers in Australia, with 60 per cent of the fathers who took leave around childbirth using paid annual/holiday leave, 27 per cent taking paternity leave and around 9 per cent using unpaid paternity leave⁵⁵:

The fact that fathers typically rely on some form of paid leave is not surprising given that new fathers are often balancing the need to be the main source of family income (and income is an important predictor of child wellbeing), and wanting to spend time with their new baby and providing support to their partner.⁵⁶

The gendered nature of roles within homes/families contributes significantly to women's workload and impact negatively on their capacity to undertake full-time paid employment. The OECD *Bosses and Babies* report sees benefits in greater recognition and acceptance of the dual roles of people as parents and as workers:

If both fathers and mothers were to take time off to look after young children, there would be far less conflict between work and child development considerations. ... However, in practice, fathers rarely take off six months to care for a child on a full-time basis. Men's hours of work actually tend to increase after becoming fathers. Even among dual earner couples, women spend more time on both housework and childcare than their partners, and many feel pushed into a home-making role, whether they wish it or not. Gender inequality in care-giving within families remains widespread.⁵⁷

Social expectations of father's roles are being redefined but there is still very limited structural support in Australia for expanding father's care giving roles. While it can be argued that several weeks of paid paternity leave may not have a major impact on respective partner responsibilities, it is significant in reinforcing that care is part of the course of life for men, that it is not solely

⁵³ Op Cit Productivity Commission p xxiii

⁵⁴ Op Cit Productivity Commission p4.50

⁵⁵ Op Cit Productivity Commission p3.22

⁵⁶ Op Cit Productivity Commission p4.48

⁵⁷ Op Cit Productivity Commission p 6.5

women's role and it provides legitimacy to men's requests for leave at the birth of their child and/or for the care of their children.

Women in the workforce might also benefit from provision of paid paternity leave in changing 'less than sympathetic attitudes in the workplace to the difficulties women face from juggling parenthood and a job.'⁵⁸

Women's workforce participation can also be enhanced when men have access to extensive paid parental leave, as evidenced in an OECD report about Sweden

when fathers were given a parental leave of 16 weeks, all other things unchanged (the entitlement period of mothers), it would decrease the leave for the mother ... by 4 weeks. This result would imply that, if we tried to promote equal career prospects between men and women, more leave should be directed explicitly to fathers. If the idea were to encourage women to shorten the career breaks contingent to childbirth, i.e. work more hours, this might also result in smaller loss in wages and future earnings."⁵⁹

Workforce Attachment and Retention

The Productivity Commission was supportive of a paid parental leave scheme on the basis that it "may also increase women's lifetime workforce participation both over the long run following the early infant years of their children, but also prior to the birth,"⁶⁰ with potential positive impact for the woman's "future wages, job security and quality given the benefits of additional job experience in moving up career ladders."⁶¹

For employers the benefits can include improving female return-to-work rates, improving return to the same employer, higher retention of employees and minimising disruption through stay-in-touch programs and training on return to work.

In Australia women's preference about their return to work is that mothers are most satisfied with their return to work between 9 to 12 months after the birth of their child. Many would prefer longer leave than they currently have and the most cited reasons for Australian mothers returning earlier than preferred are lack of paid maternity leave and financial pressures. In Australia, women expect to return to part-time work and three-quarters do so. These considerations are important in the design of appropriate leave and return policies.

The Productivity Commission recognised that in order for paid parental leave period to be viable the payment rate has to be sufficiently high that going on leave is preferable to taking welfare payments (the baby bonus and higher family tax benefits). For lower income women this is a decision whether their income under PPL warrants them staying attached to their current employer or resigning and securing the baby bonus and higher family tax benefits, and risking their attachment to the workforce and future employment prospects. For low income families uncertain future prospects are likely to be less compelling than immediate financial outcomes.

⁵⁸ Op Cit Productivity Commission p6.9

⁵⁹ Op Cit Baird et al p 55

⁶⁰ Op Cit Productivity Commission p xxiii

⁶¹ Op Cit Productivity Commission p 5.15

Grounds for the South Australian Government to enhance its parental leave provisions

The existing body of international and Australian evidence strongly supports a period of maternity leave of at least six months for women. Many countries offer more.

The level of income while on leave critically affects whether women take extra leave or not. There are therefore strong grounds to offer leave on full income replacement basis.

The grounds in favour of these recommendations include:

State Strategic Planning Goals and Public sector leadership

The public sector has traditionally led the labour market in terms of paid maternity leave. Sending a signal that it intends to continue to provide leadership in this area is an important public policy issue.

This is especially significant given the State's strategic goals of increasing the participation of women in paid work, improving work-life balance and increasing the number of women in the senior leadership of the public sector; each of this is a strategic goals of the Government. Providing leadership around the standard of extended paid maternity leave sends an important signal in this context.

The South Australian Strategic Plan aims to have women in 50 per cent of public service executive positions by 2014. The South Australian public service is unlikely to easily reach this target without significant interventions. Recent reports indicate that in the five years since the target was set in 2003, the percentage of women executives has increased from 29.4 to 36.4. Maintaining this rate of growth means the state will fall short of its strategic goals. South Australia's efforts appear to be lagging behind those of other states, with the Australian public service and the Northern Territory public service now achieving higher percentages of women executives, joining the ACT and Victoria in outperforming SA.

Commissioner for Public Employment Warren McCann estimates that if this trend continues only 44.3 per cent of senior positions in the SA public sector will be filled by women in 2014.

Attracting women to the service by offering work/life balance options including paid leave will be important to achieving the state's strategic goals.⁶²

Enhancing maternal and child health and development

The South Australian Government's submission to the Productivity Commission reinforces the objective of enhancing maternal and child health and development with paid parental leave:

South Australia is recognised as a national leader in early childhood development and has contributed prominently to COAG's early childhood reforms. South Australia supports the introduction of a Commonwealth scheme that includes an entitlement to paid maternity leave that can support a mother's post-birth recovery, infant growth and development (optimally achieved by breastfeeding) and bonding of mother and infant.⁶³

Ensuring that the new Commonwealth paid leave period is additional to the existing period available to state employees gives practical weight to this statement.

⁶² <http://www.news.com.au/adelaidenow/story/0,,26247161-5006301,00.html> and <http://www.news.com.au/adelaidenow/story/0,,26246381-5006336,00.html> – accessed 27.10.09

⁶³ *South Australian Government's submission to the Productivity Commission's Draft Report Paid Parental Leave: Support for Parents with Newborn Children* November 2008 p 1.

The international evidence is unequivocal about the child and maternal health benefits that arise from an extended period of paid leave where the rate of income replacement is high relative to existing earnings.

There are comprehensive benefits for women and children, from women having access to at least six months of maternity leave. Many countries offer longer. A key question then becomes how the cost of maternity leave is to be met. The Productivity Commission recommended an optimal period of six to nine months of paid parental leave, which might be achieved in different ways in different circumstances.

The Commission recognised that ‘many of the women returning to work early in Australia are on relatively low wages’⁶⁴ This gives them limited capacity to sustain the six months of maternity leave that is desirable. In addition, where a family is dependent on the woman’s wage then the level of the payment from the nationally funded scheme (if below her wage rate) will place pressures on families.

In Australia most mothers would like a period of between 9 to 12 months leave. The most commonly cited reasons for Australian mothers returning to work earlier than preferred are lack of paid maternity leave and financial pressures. International evidence suggest that if women in the South Australian public sector are entitled to full replacement wages for at least six months on the birth of a baby, combined with good quality return to work arrangements (lactation breaks, flexibility, reduced hours, absence of ‘overload’), then their psychological health and their financial well-being will be enhanced.

Women’s workforce participation and security

The South Australian public sector is highly dependent on it female employees: they constituted 65.2 per cent of the public sector workforce at June 2007.

However women continue to be under-represented in the more senior level jobs. In addition, many women (over a third) in the South Australian public sector are not in ongoing, secure employment. Insecure employment, casual part-time work, and relatively lower wages potentially affect women’s ability to take up maternity leave unless it is paid at their current wage rate.

Women are over-represented in the state’s part-time and casual workforce and that it is critically important to increase labour participation of women of child bearing age:

As South Australia’s submission to the Productivity Commission recognised, the state is the second fastest ageing state in the country, with a higher proportion of the ‘oldest old’ than the national average. This makes increasing the workforce participation rates of women of childbearing age of critical importance in the state.⁶⁵ In this light, sending a clear message that the South Australian Government values the contribution of its own employees through leadership around employment supports that assist them, is important.

Attraction of women to the South Australian public service given impending competition for labour

While the global financial crisis is precipitating some workforce reductions in the South Australian public service and potentially delaying some workers’ retirements, there are short to medium term demographic and economic trends that will create increased competition for labour as the state emerges from the slowdown. In this light, ensuring that the state public sector is an employer of choice is important. Extended paid maternity leave is an important way

⁶⁴ Op Cit Productivity Commission p 4.33.

⁶⁵ Op Cit *South Australian Government’s submission* pp2

in which the state can send this message, at a relatively modest cost in view of the small proportion of women in the service who have a child each year.

Provision for paternity leave

The absence of support for men to take paid leave is an important gap in the state's employment provisions. Given the international evidence about the benefits of paid paternity leave, it is recommended that the state provide at least two weeks paid leave for fathers.

Provision of leave for casuals

Given the state public sectors dependence upon casual workers, especially women, and in light of the Australian Government's scheme of providing leave to mothers regardless of their form of employment, based simply on some continuity in their employment patterns, it is recommended that the state provide paid leave to ongoing casual employees provided they meet the Australian Government's criteria (ie have been engaged in work continuously for at least 10 of the 13 months prior to the expected birth or adoption of the child; and have undertaken at least 330 hours of paid work in the 10 month period).

Recommendations

- That the Australian Government provision of paid parental leave be implemented by the South Australian Government in a way that makes the new 18 week provision additional to the full entitlement currently provided to state public sector employees;
- That paid maternity leave be extended from 14 to at least 26 weeks for all state government employees;
- The South Australian Government top up the Australian Government 18 week payment to full replacement salary where normal wages are higher than the minimum wage;
- That pro rata paid maternity leave be made available to casual workers, adopting the definition of the Australian Government (ie leave is available to all women who have been engaged in work continuously for at least 10 of the 13 months prior to the expected birth or adoption of the child; and have undertaken at least 330 hours of paid work in the 10 month period.);
- That the all state government employees be entitled to two weeks paid paternity leave.