

CareerMums' response to the
implementation of compulsory paid
maternity leave within Australia.

The Productivity Commission's inquiry into paid maternity,
paternity and parental leave.

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Background.

Established by Director Kate Sykes in 2006, CareerMums is Australia's first specialist online job board that connects skilled parents aged between 30 to 50 years of age wishing to return to work after taking leave to care for their newborn children to employers who understand the balance of work and family.

CareerMums allows employment agencies and employers the opportunity to list casual, part-time, freelance, volunteer and job share positions on its web site while parents seeking employment are able to post a career profile on this site detailing their skills, experience and ideal job to prospective employers. They are then notified of available jobs suited to their skills and needs via job alerts, and *CareerMums' Job Seeker newsletter*.

Currently assisting over 9,500 registered jobseekers throughout Australia, this service has a detailed understanding of the challenges faced by parents returning to work after the birth of a child and how these can influence parents to leave their positions of employment. Also, throughout 2007 and 2008, CareerMums conducted a number of surveys that provide further insight into the extent of these problems and identify that compulsory paid maternity leave will help prevent them from occurring.

For these reasons, CareerMums feels it is important to express the struggles faced by new mothers within Australia in gaining and maintaining employment and offer recommendations for ways the Federal Government can help eliminate these challenges.

Within this submission, CareerMums examines the extent to which a lack of flexibility in workplace conditions and child care costs cause new mothers to become unemployed. It also identifies that six months compulsory paid maternity leave funded by the Federal Government for both full time and casual employees will help combat these problems however, the Australian Federal Government also needs to address these issues by

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making legislation that will improve the flexibility of workplace conditions for parents of newborns across Australia who return to work before 52 weeks after having a child.

Introduction.

Over its two years of operation, surveys conducted by CareerMums have investigated the challenges parents face when re-entering the workforce and ways these can be improved.

According to the Terms of Reference for this inquiry,

“The Australian Government wants to consider how to improve support for parents with newborn children. The context for this is the need to... support families in balancing work and family responsibilities” (Bowen 2008 cited in Productivity Commission 2008, p.31).

This demonstrates that CareerMums’ investigations are aligned with those of the Productivity Commission’s and thus, CareerMums detailed information and strong stances regarding particular terms of reference are of significant value to this inquiry.

Within this submission, CareerMums responds to the term of reference:

“2) Explore the extent of current employer provision of paid maternity, paternity and parental leave in Australia by;

2a) Identifying paid maternity, paternity and parental leave models that could be used in the Australian context and

b) assessing those models for their potential impact on (ii) The employment of women, women’s workforce participation and earnings and the workforce participation of both parents” (Bowen 2008 cited in Productivity Commission 2008, p.31).

It does this because its research proves that many mothers are forced to return to the workforce after the birth of a child before they are ready due to a need for income. This, combined with the lack of flexibility within some workforces causes many women to leave the workforce. Consequently, this makes it difficult for these women to gain suitable employment in the future.

For these reasons, the purpose of this submission is to:

- Identify women's earnings as the primary reason why new mothers to return to work before finishing their entitled period of unpaid maternity leave
- Assess the extent to which mothers returning to work before they are prepared combined with a lack of flexibility in workplace conditions and child care costs causes new mothers to become unemployed, gain casual employment and work from home
- Determine the effect of women's employment and earnings after childbirth on the workforce participation of fathers and how paid maternity leave could improve this

This submission also argues that at least six months compulsory paid maternity leave funded by the Federal Government is needed for working mothers in order to allow them to return comfortably back to work. CareerMums notes that this should be regardless of whether they are part time or casual or have worked for 12 months for the same employer if they are willing to document that they will return to their position of employment.

CareerMums recommends within this document that the Australian Federal Government make legislation that will improve the flexibility of workplace conditions for parents of newborns across Australia who return to work before 52 weeks of leave. It does this because CareerMums identifies that the cost of childcare and workplace inflexibility greatly affect the workforce participation of both parents.

CareerMum's response to the implementation of paid maternity leave within Australia.

1. The impact six months compulsory paid maternity leave funded by the Federal Government would have on the employment of women, women's workforce participation and earnings.

1.1) Women's earnings as the primary reason why new mothers return to work before finishing their entitled period of unpaid maternity leave.

CareerMums acknowledges that employees within Australia who have worked for the same employer for 12 months have access to 52 weeks unpaid maternity leave with a right to return to one's former position of employment.

Results from a *Flexibility Survey* conducted by CareerMums in February 2008 which surveyed 168 new parents who are clients of this service however, identified that although women are entitled to these leave conditions, many cannot take this full period of leave due to financial pressures on their family. According to the survey results, 52 weeks is the minimum amount of time women need off work with 24.3 per cent returning to the workforce after having 7 to 12 months off work. Alarming, 17.8 per cent of women surveyed were forced to return to their position of employment within just six months of having their child (p.3).

Results of the *Parental Leave in Australia Survey* conducted by Whitehouse et al. (2006) provide a further insight into the leave taken by Australian mothers after the birth of a child.

They show 16 per cent of the 3573 mothers surveyed returned to work as little as three months after having a child and the largest percentage of women (30 per cent) did not return within 15 months of having their child (p.16).

Regardless of the period of time they had off work, 46 per cent of women surveyed

claimed that they would have taken longer if access to or more paid maternity leave was available while 45 per cent said they had returned back to work earlier than they liked because of the need for an income (Whitehouse et al. 2006, p.16).

This is supported by the *Flexibility Survey*, as a surprising 73.3 per cent of women surveyed claimed that the most important reason for their return to work was the need of income followed by social interaction and maintaining their skills. Only 18.73 per cent of respondents were strongly driven by their career aspirations in returning to work (CareerMums 2008, p.3).

Director of CareerMums Kate Sykes notes that “Income considerations play a huge part in a woman’s decision to return to work. It is the biggest reason according to our surveys.”

In 2006, The Australian Bureau of Statistics discovered that employees on higher weekly incomes are more likely to have access to paid parental leave. It determined that paid parental leave is more commonly available to people earning within the range of \$12 thousand to \$14 thousand per week.

This demonstrates the inequalities of the current parental leave conditions within Australia, as employees who earn under these amounts and are not provided with maternity leave are subjected to extremely stressful conditions after the birth of a child due to a lack of income, while those who are more financially comfortable are receiving the benefits of paid maternity leave.

These studies have led CareerMums to argue that the majority of Australian mothers are being forced to return to the workforce before they are emotionally prepared due to the need for income. Consequently, this affects their enthusiasm and productivity at work and these factors, combined with the lack of flexibility some Australian workplaces offer, causes many new mothers to choose to leave the workforce indefinitely.

CareerMums believes that six months compulsory paid maternity leave paid at a minimum of 70 per cent the employee’s normal rate that is funded by the Federal Government would allow mothers the opportunity to comfortably adapt to their

new role and the challenges it presents while reducing the financial pressure to return back to work as soon as possible.

Consequently, this means that mothers would be able to return to work when they are ready and this would increase their chances of maintaining employment.

1.2) The impact of the flexibility of workplace conditions on the workforce participation of women. How paid and unpaid maternity leave can improve this.

1.21) The extent to which a lack of flexibility in the workplace causes new mothers to become unemployed.

CareerMums' *Flexibility Survey* (2008) identifies that the flexibility of workplaces in granting female employees appropriate maternity leave schemes along with assisting them in returning to work has significant consequences on a woman's professional life.

Many Australian women return to the workforce before they are prepared due to unsatisfactory maternity leave conditions. On their return, many are faced with a lack of flexible workplace conditions ie) work hours and sick leave, which results in them deciding to leave their positions of employment. This decision, while beneficial immediately after the birth of a child often becomes a problem when women try to return to the workforce in the future.

According to a survey conducted by CareerMums in July 2007 which questioned 265 new mothers, only 20.4 per cent of their employers offered support in planning their return to work (2007a, p.2).

Furthermore, within the *Flexibility Survey*, 43.8 per cent of respondents claimed that their previous employers did not offer a flexible workplace while 71 per cent said that their employers did not make an effort to retain them while they were on maternity leave (CareerMums 2008, pp.6-7).

It is these conditions that influence many new mothers to leave their positions of employment.

The *Parental Leave in Australia Survey* supports this as its results state that around 14 per cent of mothers that took this survey resigned from paid work during their pregnancy due to the lack of flexibility their workplace would provide after the birth of their child. Over half this group were eligible for unpaid maternity leave (Whitehouse et al. 2006, p.8).

Of the 14 per cent, a quarter claimed that they would have remained employed if paid maternity leave was available because this would have allowed them to return to work when they were able to cope with their workplace conditions (Whitehouse et al. 2006, p.9).

The *Flexibility Survey* also revealed that women who leave the workforce due to the stress of returning to an inflexible workplace find it difficult to gain employment in the future. It discovered that 19.5 per cent of women remained out of the workforce for one to two years after the birth of a child while 22.5 per cent had not felt able to return for three to seven years. When asked the reasons for this, 52.7 per cent of women said they could not find a job suited to their qualifications (CareerMums 2008, p.4).

CareerMums thus identifies the need for six months compulsory paid maternity leave to help mothers return to their workplaces when they feel comfortable they can resume all responsibilities of their employment confidently without being significantly affected by the inflexible conditions of their workplace. CareerMums also believes that legislation needs to be made by the Australian Federal Government to improve the flexibility of workplace conditions within Australia for parents of newborn children if the parent taking leave returns to work before the end of their 52 weeks. Workplaces should allow for additional sick leave and if possible, more suitable hours until this period ends.

1.22) The extent to which a lack of flexibility causes new mothers to gain casual employment.

The Flexibility Survey discovered that 58.0 per cent of mothers believed that in order to earn an income immediately after the birth of a child, they had no option but to leave their former employment and gain part time work due to the flexibility it provides (CareerMums 2008, p.5). This issue is a critical factor in the continuous cycle of unemployment and stress amongst mothers.

The *Workplace Relations Act 1996* states that employees are not entitled to unpaid or paid maternity leave if they have not worked 12 months for their employer (Australian Federal Government 1996). This means that mothers who enter a new workforce after the birth of their child and then fall pregnant with their second child before they have been employed for 12 months do not receive unpaid or paid maternity leave. Consequently, this causes many mothers to leave their position of employment again.

Furthermore, casual employees rarely receive paid maternity leave within Australia in comparison to full time employees.

The extent of this problem within Australia is identified by a study conducted by the ABS showing that in 2006, 58 per cent of full time, female employees were entitled to paid parental leave while 72 per cent of part-time employees were not (ABS 2006).

CareerMums believes that compulsory paid and unpaid maternity leave for both full time and casual employees would help prevent this destructive cycle of female unemployment. It also believes that employees who have not worked for 12 months under the same employer should be eligible for both forms of maternity leave if they are willing to document that they will return to employment.

9.

1.23) The extent to which a lack of workplace flexibility and the cost of child care causes Australian women to work from home.

Due to the complications previously mentioned, a large proportion of Australian mothers decide to pursue working from home.

53.2 per cent of the 218 women surveyed by CareerMums in December 2007 claimed that they were planning to begin working at home as it would provide them with an income immediately after the birth of a child without the stress of negotiating flexibility with an employer (2007b, p.2). They also noted that it would solve their problems of not being able to afford child care (p.3).

Results from this survey show that the cost of childcare is a primary reason as to why women have trouble in returning to their workplace (CareerMums 2007b, p.2).

Over the past 5 years the cost of childcare has increased by over 12 per cent per year (Australian Labor Party 2007). Many mothers who receive unpaid maternity leave cannot afford to pay childcare costs and this results in them not returning to their previous position of employment.

Kate Sykes notes that the biggest reason women choose to work from home rather than returning to the workplace after the birth of a child is the cost of child care.

“The cost of child care prohibits women from returning to the workplace. We reinforce that working from home and looking after your children at the same time does not work, and causes more stress.”

CareerMums therefore believes that six months compulsory paid maternity leave would provide mothers with the opportunity to return to the workplace rather than work from home. It would do this by assisting mothers in remaining financially stable while on leave and this would consequently help them with paying child care fees on their return to work. CareerMums also identifies that the cost of childcare needs to be improved and welcomes the recently implemented 50 per cent child care rebate every quarter. The Government will now need to monitor the cost of child care across the board after the introduction of this rebate.

2. The effect of women's employment and earnings after childbirth on the workforce participation of fathers and how paid maternity leave could improve this.

2.1) Due to the previously outlined complexities involving women returning to work after the birth of a child, it is no surprise that they are the most common parent to take parental leave. Fathers usually do not take parental leave because it is not economically feasible for their family (Wolcott & Glezer 1995, p. 140).

Sains (2001) argues that many families are financially better off if the man continues to work rather than accepting parental leave payments (p.44).

In assisting clients, CareerMums has identified that in order to financially compensate for their wife being out of the workforce, many fathers commonly increase their workforce participation. This can prove to be stressful for the family unit as the father feels an immense sense of responsibility as the sole provider for the family while the mother receives less help in caring for the child.

CareerMums believes that six months compulsory paid maternity leave would improve this situation because it will assist families financially and in turn, this will benefit them physically and mentally as fathers will be able to be more at ease and have more time to help their wives.

3. Conclusions.

CareerMums feels very strongly about the necessity for six months of compulsory paid maternity leave. This is because the extensive research it has conducted clearly identifies that this assistance would allow mothers to return to work when they are prepared and able to cope with inflexible workplace conditions. It would also lessen the financial stress faced by new parents in affording child care and as a result, would boost female employment after the birth of a child and decrease the financial pressure placed on fathers to be sole providers.

Also, by providing maternity leave to employees who have not been employed by the

same employee for 12 months, CareerMums believes that Federal Government could help prevent the destructive cycle of female unemployment.

4. Recommendations.

CareerMums recommends the following:

4.1) That both full time and casual employees should be eligible for six months compulsory paid maternity leave paid at 70% (at least) of their normal rate of pay that is funded by the Australian Federal Government.

4.2) That employees who have not worked for the same employer for 12 months should be eligible for 52 weeks unpaid maternity leave and 6 months paid maternity leave if they are willing to document that they will return to employment.

4.3) That legislation needs to be made by the Australian Federal Government to improve the flexibility of workplace conditions within Australia for parents of newborns. If the parent taking leave returns to work before the end of their 52 weeks, their workplace should allow for additional sick leave and if possible, more suitable hours until this period ends.

12.

5. Reference list.

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