



Productivity Commission Inquiry into Paid Maternity, Paternity and Parental Leave

Submission in response to the Commission's draft report

The YWCA Australia welcomes the Productivity Commission's Draft Inquiry Report on paid parental leave in Australia, "*Paid Parental Leave: Support for Parents with Newborn Children*".

In developing our initial submission, the YWCA Australia identified four objectives to be met through a paid parental leave scheme. In our view the Commission's draft recommendations provide a strong basis for the adoption of a paid parental leave scheme which will achieve measurable:

- Maternal welfare outcomes;
- Child welfare outcomes;
- Family welfare outcomes; and
- Social and economic outcomes.

We particularly welcome the Commission's draft recommendations that a paid parental leave scheme include:

- A flexible approach to recognition of the primary care giver, while also acknowledging the child welfare benefits of breastfeeding;
- Two weeks paid paternity leave for secondary care givers (although we would like to see this increased – please see 'Paternity Leave' below);
- Mandatory employer superannuation contributions;
- Casual, self-employed and contract workers;
- Same-sex parents;
- The provision of information on the workings of a statutory paid parental leave scheme
- A keeping in touch provision;
- The scope for eligible self-employed parents to maintain some oversight of their businesses while on leave;
- The provision of additional resources to allow effective support for breastfeeding – noting particularly that this will go some way to better implementing international legal obligations in this respect; and
- An additional maternity allowance for families with multiple births.

While as employers, we recognise the administrative complexities around the introduction of a scheme in which employers act as paymasters, we are excited by the retention gains experienced under our own PPL schemes, as well as by the increased productivity experienced in countries with PPL schemes.

We would also like to offer the following observations on the report.

Duration of leave

We note the Commission's view that provision of 18 weeks paid parental leave, combined with parents' annual leave entitlements/savings, will in some cases achieve the outcome of one parent providing primary care to a child/children for the first six months of life.



However, we are concerned that many families will not have the existing leave entitlements to be able to reach six months of paid leave, especially given the high rates of casual and part time work among women, and we believe this is likely to lead to negative outcomes in relation to breastfeeding, child welfare and maternal welfare for those families.

We reiterate our view that to achieve the family, social and economic benefits associated with paid parental leave, particularly those associated with achieving gender equality, a period of leave greater than six months is required. In our submission we identified that a period of nine months would enable men to be more actively involved in the care of their children, most particularly our view that men would be more able to take on a primary care giving role once the baby/ies had moved beyond the six month exclusive breastfeeding period.

We also believe other leave entitlements should continue to accrue during paid parental leave.

Minimum wage or wage replacement?

We reiterate our view that a paid parental leave scheme is like other forms of leave, and thus should be provided at full wage replacement levels. Our rationale is that paid parental leave is simply another form of leave, and we pay annual leave, sick leave etc at replacement wage levels – so why not parental leave? In our initial submission we called for a mandated contribution from employers to provide for 75-80% of the employee's wage, and a further voluntary employer contribution to top up the payment to full wage replacement levels.

Nonetheless, we recognise that the Commissioners have put forward a pragmatic scheme in proposing that paid parental leave be provided at the minimum wage and that there be no employer mandated contributions. If this proposal goes ahead, we would strongly support the flexibility provided to employers to negotiate "employer of choice" top-up provisions.

Eligibility

We note the report's discussion about employee eligibility. We welcome the Commission's view that there be a degree of flexibility in the definition of "continuous employment". We note the Commission's view that the definition include "reasonable breaks" to take into account holidays or moving between jobs – and would suggest that what constitutes a reasonable break be aligned with the National Employment Standards which provide for four weeks leave.¹

We also note our concern that setting the eligibility requirement at "at least ten hours a week" (draft recommendation 2.4) may exclude a number of employees who work one standard full-time day per week on a regular basis (7.6 hours), especially parents who maintain a one-day per week position following the birth of their first child, or subsequent children.

Recommendation 1: that the eligibility requirement be reduced to 7.6 hours work per week.

Compliance for self-employed/contractors

In relation to compliance for parents who are self-employed or work as contractors, we note that the Commission explores the idea that a statutory declaration from an accountant regarding hours of work may be required. While we acknowledge that a high proportion of Australians currently engage accountants to prepare their taxation returns, we wonder whether taxation returns could also be used as the evidentiary base?

¹ We acknowledge that the NES exclude casual employees but are of the view that they nonetheless provide a commonly accepted interpretation of what a "reasonable break" would constitute.



Should paid parental leave be available on a part-time basis?

The Commission explores the question of whether parental leave should be available on part-time basis, citing the example of a mother taking parental leave for four days and the father taking one day a week.

YWCA Australia supports the provision of paid parental leave on a part-time basis. This is particularly the case in the context of an 18 week paid parental leave scheme. In our view accessing paid parental leave on a part-time basis would enable the scheme to better meet our child/familial/social/economic objectives. This degree of flexibility would enable fathers to adopt a primary care giving role earlier in the child's life.

In our view as employers, this provision could be accommodated within our workplaces. Indeed, we have experience of workers adjusting their hours downwards for specified periods, for example, when taking advantage of study leave or to reduce accrued time off in lieu.

Recommendation 2: that paid parental leave be available on a part-time basis.

Superannuation

We support the recommendation that employers fund superannuation contributions during the period of paid parental leave (and paternity leave).

The question of junior wages

The YWCA Australia notes the Commission's discussion on junior wages, and the concern that if paid parental leave were paid at full adult wage rates to juniors it could lead to short-sighted decisions by young people.

In our view the evidence does not support this assertion. In a literature review conducted to explore this question it was found that the research suggests that women's fertility is generally not influenced by one-off government payments or government social messages.²

Moreover, young parents on junior wages do not receive a "junior wages" discount when they go to the supermarket or incur the daily expenses of life, which will increase with their new child/ren.

Recommendation 3: that the recipient's age not be a factor in determining the rate of parental leave paid.

Paternity leave

While we welcome the Commission's draft recommendation for two weeks paternity leave, the YWCA Australia would like to see this increased to four weeks. We strongly believe a greater period of paternity leave would lead to child and family welfare benefits; assist the primary caregiver (usually the mother), especially in the case of multiple births or where there are also older children to care for; and lead to societal benefits by helping to shift cultural stereotypes about parenting being primarily a responsibility of women.

² See for example: J. Crocket et al, [What's behind recent fertility trends: government policy, alarms on biological clocks or lessons learned from childhood](#), *People and Place*, vol. 15 no. 2, 2007.



We also urge the Commission to consider recommending that in single parent families, the paternity leave component be transferrable to the primary caregiver (instead of being lost if there is no secondary caregiver).

Recommendation 4: that four weeks paternity leave be offered to secondary caregivers, to improve family welfare and societal outcomes.

Recommendation 5: that in single parent families, the paternity leave component be transferrable to the primary caregiver.

Special circumstances

We also note that in some families, notably in Indigenous communities, a family member other than a parent often takes on a secondary (or sometimes primary) carer role. We further note that grandparents are often placed in a position of becoming a primary or secondary carer to newborns and other children.

We urge the Commission to take these factors into account in defining “special circumstances” where paid parental leave may be transferred.

Recommendation 6: that the “special circumstances” where paid parental leave can be transferred, take into account the fact that other family members, including grandparents and others, often provide primary care and/or secondary care to newborns.

Keeping in touch provisions

We welcome the report’s recommendation relating to keeping in touch provisions during parental leave. The YWCA of Canberra has a ‘staying in touch’ provision – including, for example, access to education and training while on parental leave – which has played an important role in increasing workforce attachment.

The big picture

The YWCA Australia acknowledges that despite the importance of paid parental leave in achieving child, maternal, family, and economic and social outcomes, other components, such as the provision of affordable and accessible childcare, are also essential. We welcome the Commission’s acknowledgement that effectively supporting newborn children and their parents extends beyond this inquiry’s terms of reference.

The YWCA Australia is concerned by the crisis currently facing Australian childcare providers, and the impact this may have on countless children and their families around the country. In our view, the scope of this issue and changes to the marketplace raise additional matters which would best be addressed in a subsequent inquiry.

The YWCA Australia thanks the Productivity Commission once again for the opportunity to be consulted during this important inquiry. Please do not hesitate to contact us, should you have any queries or require further information.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Raina Hunter'.

Raina Hunter,
Policy Coordinator, YWCA Australia