

Paid maternity leave:

Working for women

Commissioner Pru Goward

25 minutes

26 July 2002

14th Women, Management, Employment Relations Conference
Sheraton on the Park, Sydney

- When we embarked on an examination of options for paid maternity leave last August, it was intended to begin an informed and fair-minded public debate about the need or otherwise for a national paid maternity leave scheme for Australia.
- To be honest the most we hoped for was that the Government might agree to pay for some economic modelling on a couple of options.
- Well weren't we under-achievers!
- Three months after the launch of the interim report considering the options for a national scheme of paid maternity leave we are in the midst of a national debate considering the options for restructuring the workforce into a more family friendly environment.
- How did the debate evolve like this?
- How did we go from focusing on the need for women to have a period of paid leave directly after the birth of a child to recognising the need to make this only *one* of a number of structural changes necessary if our workforce is to be more family friendly?
- Perhaps it happened because as national debate on paid maternity leave has unfolded two facts have emerged as central:
- Fact one - Women are in the workforce to stay. They have a right to work. We taught them to read and write, we encouraged them to become educated, learn a trade and pursue careers. And so here we are - an integral, necessary and crucial part of Australia's workforce today.

- Fact two – if work isn't working for women, then it isn't working for the family.

Why?

Because in addition to being integral members of the workforce, women are the bearers of and remain the primary carers for children. So if it isn't working for her then it isn't working for her family, her partner, her children and babies.

- What do these facts mean?
- They mean that if we want to reverse the increasing trend of women having fewer children later in life, if at all; if we want to ensure ourselves a future generation; if we want to address community concerns about the health and welfare of children we need to do so by creating an environment that supports women as they work *and* have children.
- Because like men, women have a right to do both.
- And most women *want* to do both, although some want to do only one or the other.
- Significantly, our Prime Minister makes this point.
- Let's look for a moment at the very simple model proposed by researcher Catherine Hakim.
- Hakim argues that you can divide women into three groups based on their attitude towards work and family – 15-20 percent are overwhelmingly home centred; 15-20 percent are overwhelmingly career centred and the remaining 60-70 percent fall in the middle.
- This middle group wants both a career and a family and seek different ways to balance both work and family responsibilities.

- What is relevant here is not whether we agree with the categorisation of women into these three particular groups – the consultations bare out that there are a number of ways women’s life patterns can be grouped - but the acknowledgement that women are not a homogenous group.
- Some work, some have children and some do both – either together, or serially, moving in and out of the workforce, or start with part time work and seek full time work when the kids are older.
- There are varying attachments and focuses. The majority of women work and have children.
- Because of this, we need to formulate an entire suite of measures that will make it possible for work and family to be combined – in a way that works for women. Because if it works for women it will work for families.
- This is clearly the direction in which we need to move.
- Our declining fertility rate tells us that women are having fewer babies every year.
- Our fertility rate currently sits at 1.7. A year ago it was 1.75. A decade ago it was 1.9.
- A fertility rate falling below the necessary replacement rate of 2.1 is the symptom of something going very wrong.
- But it is only a symptom. It is not the disease itself.
- We are wary of this turning into a ‘womb gazing’ debate when it is about women’s lives.
- It is about making work work for women - and therefore work for families.

- It is about reducing the motherhood disadvantage gap that contributes to our declining birth rate.
- And there are ideas around as to how we can do this – ideas that are plausible, sound and well thought out.
- They have emerged in the debates on this issue over a decade. They are represented in a number of the submissions we have received in response to our interim report, which now number over 200; we have heard them in the nationwide consultations we have been holding on paid maternity leave with employer groups, unions and women and community groups across Australia; and are now appearing in the media – in editorials, expert opinions, op-ed pieces, letters to the editor and on talk back radio.
- At this point, I would like to say that part of HREOC’s job is to raise issues and bring them to the public domain for debate. It has been fantastic to see the debate on paid maternity leave unfold. There have been so many views expressed. We as a nation have embraced this opportunity to have a healthy debate on these issues of national significance.
- I probably won’t be saying anything that will surprise you today, this is really a summary of the debate so far.
- The broader national debate we are having today on work and family began with a debate on paid maternity leave - because paid maternity leave is a crucial component in any suite of measures that successfully addresses the work and family balance for women.
- Of course it is only a component, but as so many of you told us during the consultations, you don’t get much balance, if you can’t first recover from the birth of your child.

- Just ask the rest of the world - along with the US we remain the only OECD country without a national scheme of paid maternity leave in place.
- But why is a paid maternity leave so important if we are going to make work and family work for women?
- What can a national scheme of paid maternity leave do for us?

Objectives

- Let's briefly consider some of the possible objectives of a national scheme of paid maternity leave:
- First, the health and welfare objectives.
- Paid maternity leave will allow women the time needed directly after the birth of a child to recover physically from childbirth and establish a feeding routine without being forced to return to work due to financial necessity.
- Many we consulted related accounts of returning to work as early as two weeks after the birth of a child, driven by the need to earn.
- Second, while nobody suggests that paid maternity leave alone can rectify our declining fertility rate and ensure the existence of a next generation, women keep telling us that it can respond to some of the financial concerns which discourage women from having babies or having only one, or delaying having babies.
- Why?
- Because paid maternity leave means that following the birth of a child there will not be a total loss of income by one, or increasingly the *only* income earner in a family.

- It may mean that a couple may be able to have that second child or bring forward their decision to have a child by even one year.
- What's one year you may ask?
- Considering that physiologically fertility begins declining at 27 and the average age of mothers in Australia is 29.8 – this *one year* maybe the difference between having one child, a second child - or none at all.
- Third, labour force participation and economic growth.
- Employers need to hire best people for the job - and they need to keep them there.
- This is only going to increase as the market requires increasing numbers of skilled people, and there are fewer from whom to choose.
- At the moment, without paid maternity leave being provided across the board, women often find themselves in a different line of work following the birth of a child. They may go from leading their field in IT to a part time job in a less skilled area – but one that offers more ‘family friendly’ hours.
- The hospitality and retail industries for example, characterised by casual hours and shift work are dominated by students *and* mothers.
- This labour force shift – of our highly skilled experts into low skilled casual work - means that Australia loses its most competitive workforce. Something we cannot afford to do in the *increasingly* competitive global market.
- It is certainly the British experience, where paid maternity leave, even government-funded, encourages many women to return to work, at least part time.

- The Swedes also introduced paid maternity leave to encourage workplace retention after the baby is a year old.
- Fourth workplace disadvantage.
- Women lose their immediate income, often jeopardise career prospects and reduce their lifetime earnings when they leave the workforce to have children.
- While it cannot make up for the loss of income over a lifetime, paid maternity leave provides some form of income replacement.
- With no universal scheme of paid maternity leave in place, the majority of women lose their entire income for at least the first few months following the birth of a child.
- Paid maternity leave will mean that women can afford to be out of the workforce, while recovering from childbirth, establishing a breastfeeding routine and bonding with a child without the stress that they cannot financially afford to be doing this.
- Paid maternity leave also provides the cultural recognition within the workforce and within society that women work *and* are the bearers of and primary carers for children.
- It recognises the non-work related responsibilities of half of the people in the workforce.
- Recognising paid maternity leave as an industrial entitlement does not mean that employers have to pay but it means employees are entitled to receive it.
- These are some of the objectives that a paid maternity leave scheme may meet.

- Are they important? Well the public thinks so, that's why they're writing in droves. The level of public debate surround the issue makes me think that most people agree that we have a problem.
- What has caused disagreement in this debate however is how should these objectives be met.
- There are those who think that paid maternity leave is an inappropriate way of solving these problems.
- They make this clear in their submissions or at our consultations.
- First, there seems to be a concern that paid maternity leave *reduces* a woman's choices because it forces her to return to work.
- This concern is based on a false assumption that women will only be entitled to paid maternity leave on the condition that they return to work.
- There is no reason why a government funded scheme would operate in this way.
- Returning to work also depends on the cost of child care, government benefits and for many women, the availability of part-time work. All vital ingredients in the work-life debate.
- Second, there seems to be concern that if paid maternity leave is provided as an entitlement for women only in paid work it discriminates against women who are not in paid work.
- Tied into this is the further concern that as women in paid work generally have more money than women not in paid work, paid maternity leave is not needed.

- This concern requires us to acknowledge current welfare arrangements.
- Government funded maternity benefits currently available to women are primarily targeted at women not in paid work – consider the parenting payment, Family Tax Benefit B and the baby bonus.
- That is to be applauded and many families are grateful for it.
- Rather than discriminating against women not in paid employment, paid maternity leave actually addresses a special need faced by working mothers, although at relatively modest costs.
- Those women in paid work fortunate to receive paid maternity leave under current enterprise level provisions, are generally those most skilled, better educated women who have the bargaining power to secure this leave.
- A government funded scheme for working women will ensure the benefit is equitably spread across the workforce, especially to low income earning women – the opposite of middle class welfare.
- The most major concern in this debate is that employers alone will be forced to pay for maternity leave.
- A national scheme of paid maternity leave forcing employers to make payments to employees was included in the options paper because it is just this – *an option*.
- As stated in the options paper it is not however a *desirable* option. From my foreword on, that is made clear.
- I do not support employer funding for a number of reasons,
- First, it is the third world scheme.

- No OECD countries (including the US which does not provide *any* form of paid maternity leave) make it mandatory for employers alone to directly fund maternity leave.
- Second, the Federal Government and the Democrats have not shown support for an employer funded scheme, while the Opposition talks of a partnership approach, although they have not entirely clarified their position.
- Third, employers and employer group spokespersons tell us that women would suffer under this scheme.
- Employers, especially small business, would stop employing women of child bearing age to avoid this cost.
- Indeed some say they have already begun doing so.
- Any scheme which would result in women being further discriminated against in the workforce is obviously unacceptable and must be avoided.
- Amidst the disagreements, myths and concerns we have an important, significant and shaping public debate taking place.
- In the end it will bring in the much needed structural changes that will allow women to work *and* have children.
- It is heartening to see discussion of the need for policies and programmes that assist women in Australian families to manage their work and family responsibilities – no matter what their circumstances and choices. Paid maternity leave is a necessary part of supporting family choices.
- The Government has now embarked on the much more challenging and complicated task of addressing work and family comprehensively.

- Many of our submissions and many who came to our consultations, stressed how important all the pieces of the jigsaw were – not just paid maternity leave.
- One thing is clear, we are all talking about the same thing – the happiness and harmony of our future nation!