



## ***Give parental leave a Fair GO***

**The Australian Workers' Union Submission to the  
Australian Government Productivity Commission inquiry  
Into improved support for parents with newborn children**

## Table of Contents

<b>About the Australian Workers' Union</b>	<b>Page 3</b>
<b>Introduction</b>	<b>Page 4</b>
<b>Workforce Population (The Ageing population)</b>	<b>Page 6</b>
<b>Declining Birth Rate</b>	<b>Page 7</b>
<b>The Need for Income Security</b>	<b>Page 9</b>
<b>Health Concerns</b>	<b>Page 11</b>
<b>Post Natal Depression</b>	<b>Page 12</b>
<b>Sleep Deprivation</b>	<b>Page 13</b>
<b>Foreign Country Assessment</b>	<b>Page 14</b>
<b>Conclusion</b>	<b>Page 17</b>
<b>Reference List</b>	<b>Page 19</b>

## History of the AWU

The Australian Workers' Union ("AWU") is Australia's oldest and largest blue collar union - formed in 1886.

The AWU represents over 135,000 working men and women throughout Australia, in industries as diverse as mining, oil and gas, manufacturing, tourism and hospitality, aged care, civil construction, rural industries aluminium refining and smelting, steel production, local government, health, horse racing and training, sugar refining and retail.

The AWU's membership is spread across Australia in urban, regional and remote areas..

Our members in all parts of the continent report concern about what has now come to be known as the 'work-life balance'.

They want Australian society to recognise the importance of families and creating a sound footing for the next generation.

The AWU welcomes this Productivity Commission Inquiry and the community wide debate it has triggered.

-----  
**The AWU believes that 14 week paid maternity leave is quickly achievable, but should be seen as a first step for a 28 week parental leave scheme.**

## Introduction

Australia has one of the lowest birth rates in the world, currently at 1.75 births per woman. This level is well below replacement levels and poses a significant threat to the future population growth of Australia and its workforce.

The declining birthrate can be attributed to, later marriages, career concerns and economic or financial stability and independence. The previous Government, without much success, attempted to encourage an increase in birth rate birth rates by way of a one off financial incentive.

Former Treasurer Peter Costello, introduced a scheme called the “Baby Bonus” and famously called for “one child for dad, one for mum and one for the country”<sup>i</sup>.

But the Baby Bonus has only had a marginal effect on birth-rate figures. In the AWU’s view this increase does not match the political importance and rhetoric attached to the introduction of the Baby Bonus.

Women are entering into the workforce at increasing rates. Australian Bureau of Statistics 2008 survey figures show women now account for approximately 45 per cent of the domestic workforce, an overall increase of 11 per cent on 2005 levels<sup>ii</sup>.

The AWU welcomes the current debate about legislative support for women workers – especially the issue of support for Australian families through paid maternity leave.

***The AWU supports the Australian Council of Trade Unions 14 weeks paid maternity leave proposal. We see this as an important first step in meeting the demands planed on modern parents.***

***The AWU agrees with the ACTU proposals to incorporate the Baby Bonus scheme into a 1<sup>st</sup> stage paid maternity leave program. However, we believe we should be working towards a much larger program, which would allow mothers and fathers to take shared paid time away from work at this crucial moment straight after the birth of a child.***

## Workforce Population (Ageing Workforce)

Australia currently has an ageing population coupled with a declining birth rate. This places undue pressure on future sustainability and the workforce in general.

Many commentators have noted that over the next decade we face a severe skills shortage because of an ageing workforce preparing to retire.

Both the public and private sector are battling to find new strategies to recruit and retaining staff in an era when workforce numbers are in decline.

In 2005 Australia's estimated resident population (ERP), at 30 June 2006, was just over 20.7 million, an increase of 292,300 people (or 1.4%) from the previous year. The number of births in 2005-2006 was 264.3 while deaths accounted for 133.1<sup>iii</sup>.

While we are witnessing an increase in population numbers over previous years this increase is thanks to increased immigration rates - not our birth rate.

However immigrants are largely aged between 20 and 60 years of age. They have a shorter working life span, and are 'productive' for between five and forty-five years. In 2006-2007 immigration within the 20-60 age brackets accounted for over 60% of the total immigration to Australia.<sup>iv</sup> Thus while immigrant have largely contributed to our population growth they will also in the near future put further pressure on our skills shortage as they too leave the workforce as part of the rapid growth of our ageing population..

Given the different needs of the burgeoning elderly population and younger generations in such areas as housing, health care, leisure, and education we can see demand for services changing,

And while there is considerable evidence that families are the most significant sources of support for the elderly, increasing rates of childlessness coupled with family breakdown and children pursuing jobs overseas, will mean that many elderly parents will be either “functionally” or “actually” childless.<sup>v</sup>

### **Declining Birth Rate**

The Australian Bureau of Statistics notes that current low level of fertility in Australia results from 'increasing proportions of women remaining childless and couples restricting their family size to one or two children.'<sup>vi</sup>

These decisions undoubtedly reflect, as they probably always have, a variety of economic and social factors including the fact that couples are marrying later, having fewer children and later in life, or forgoing parenthood altogether.

A key explanation for the fall in fertility is that first births have increasingly been postponed thereby shortening women's total childbearing years and increasing their chances of not having any children<sup>vii</sup>. While some women attempt to extend their reproductive life through assisted reproductive technology, such procedures account for only 2 per cent of all births<sup>viii</sup>.

Women's increased workforce participation and financial independence appear to be centrally linked with fertility trends. Women now have access to a wider range of job types than in the past, have more opportunities to earn high incomes, and are no longer as reliant on finding a partner for financial support as in the past.

Furthermore, women's opportunities to remain in paid work after they marry have increased over the past 35 years.

It was not until 1966 that women were permitted to be appointed or to remain as permanent officers of the Commonwealth Public Service upon their marriage and to return to their jobs after the birth of their children.

Since this period, participation in the labour force has increased dramatically for married women in all age groups<sup>ix</sup>

Such a major social change inevitably requires other adjustments within the home, workplace and community to facilitate the new way of life. A number of explanations for low fertility relate to such time lags.

These include inflexible workplace practices; women's "double burden" and men's reluctance to share this load; limited access to affordable, high quality child care; financial, career and other work-related costs linked with giving up work partially or fully to care for children; and potential clashes in values, attitudes or beliefs about family and paid work responsibilities.

Several authors maintain that trends in the labour market and the economy in general influence fertility rates, in part through their impact upon life course patterns.

Not surprisingly, there is strong historical evidence that Australia's economic circumstances have played a major role in influencing fertility rates since well before modern methods of birth control were introduced. Indeed, the sharp fall in fertility in the 1890s has been explained in terms of the sudden economic collapse that occurred in 1893<sup>x</sup>, while the Great Depression of the 1930s saw the total fertility rate falling to 2.1 babies per woman in 1934, then rising as the economic outlook improved. Smaller observable oscillations have also been linked with Australia's economic circumstances<sup>xi</sup>.



Low-skilled yet relatively highly paid and secure jobs available to early school leavers have virtually disappeared, having been replaced by jobs entailing fixed-term contracts and part-time or casual hours, thereby providing limited economic security.

McDonald <sup>xii</sup> also argues that this era of job insecurity has been accompanied by a strong economic cycle of “booms and busts” and rising or fluctuating house prices which combine to encourage continuing dual employment amongst couples as insurance against dual joblessness, and to lead young people to invest in their own “human capital” before considering having children.

### **The need for income security**

Over time, living standards have increased in modern societies, with many of yesterday’s luxuries becoming today’s necessities – thus highlighting the importance of values in shaping considerations about whether or not a couple can afford to have children.

Indeed, divergent views about the material necessities in life and associated expenditure patterns may partly explain the fact that the people who least can afford it are having the largest families.

In addition to the direct financial costs of having and raising children (for example, food, clothing, housing, education and possibly child care) are the indirect costs such as reduced earnings and potentially curtailed careers when caring for children takes precedence over paid work.

While it appears that the foregone earnings of women who have children have diminished somewhat since the 1980s, when cohorts with the same level of education are compared<sup>xiii</sup>, women’s improved career opportunities mean that increasing numbers have a great deal to lose should they decide to relinquish full-time work to raise a family.

The deprivations are not only monetary, but can be felt in relinquishment of work-related prestige and diminished opportunities for social relationships, job skill development, and mental stimulation and challenge. Thus, while the labour market and economic context may encourage the accumulation of educational and career-based accomplishments, the benefits of this pathway may compete with having children as alternative avenues for self-fulfilment.

Parents may, of course, use non-parental child care to enable each partner to remain in full-time work, but this introduces other monetary and time costs, with women typically carrying most of the child care and other domestic responsibilities<sup>xiv</sup>. These costs, along with potential difficulties in accessing high quality child care and worries about the suitability of child care for very young children, may contribute to couples' decisions to have few if any children, or to continue to defer decision-making.

While several policies have been introduced to facilitate workers' achievement of their caring responsibilities, access to such work benefits appears to vary both between and within organisations<sup>xv</sup>. Furthermore, workers with family responsibilities may be reluctant to take advantage of existing benefits if they believe that doing so is likely to cause major disruptions at work, or jeopardise either their career advancement or their relationships with others in the workplace.

The prevalence of such hidden barriers in Australia and their relevance to decisions about having children remains uncertain. But how much value do women attach to paid work?

In summary, it seems quite easy to identify many potential financial and work-related costs that may contribute to the falling fertility rate. Most of those discussed above are tangible costs, but the spectre of the intangible may also deter couples from having children, encourage them to postpone starting a family, or defer making decisions about having children.

McDonald<sup>xvi</sup> points out those economic and non-economic costs of having children can be difficult to decipher, and that negative “unknowns” may encourage individuals to err on the side of caution. For instance, people may decide against having children because of uncertainties about job stability, housing prices, interest rates, or about chances of returning to paid work should they take time off to care for a child.

Some couples may worry about the possible disruptive effects of a child on their relationship, the possibility that this child may follow worrying pathways through life or be harmed in some way, and the difficulties in coping with raising a child.

In McDonald’s view, lack of “family-friendly” work policies, high cost child care and tax benefits that operate as disincentives for taking up part-time work combine to encourage women to have fewer children than they wish to have. However, it seems very likely that these various considerations would also help shape men’s views about having children. Indeed, McDonald argued that surveys suggest that most couples want to remain dual income earners.

## **Health Concerns**

Women undergo significant physical changes during pregnancy, some of these changes involve curvature of the spine to allow the foetus to develop, which places significant pressure on the back, intestinal track and bladder. The actual birthing creates muscle strain and subsequently may result in other internal damage.

Numerous research projects have investigated the after effects of childbirth and the majority of findings claim that long term backache after childbirth was commonly reported. Almost a quarter of the women (23-3%; 2730) reported backache occurring within three months of their delivery and persisting for more than six weeks. Many of these women (1096) had also had backache on a previous occasion. Other physical issues include faecal incontinence after birth<sup>xvii</sup> and general fatigue.

From an emotional standpoint childbirth can invoke feelings from both extremes those being excitement, fear and in some cases depression. Clinical experience and preliminary research have shown that after a traumatic childbirth, women may have symptoms identical to those found in persons suffering from Post Traumatic Stress Disorder

### **Post Natal Depression (PND)**

Three different postnatal mood disorders may appear in mothers during the 12 months following delivery, including the maternity blues, puerperal psychosis and postnatal depression. The most common mood disorder associated with childbirth is unipolar major or minor depression occurring at any time during the first postnatal year. Postnatal depression is second only to caesarean section as the most frequent and serious complication of childbirth. Postnatal depression should be differentiated from other postnatal mood disorders in terms of prevalence, clinical presentation, and course (time of onset, duration and recurrence)<sup>xviii</sup>.

Unhappy, irritable and exhausted mothers present frequently in primary care, often with issues about the children as the reason for consultation. Inquiry about the woman's distress, mood and general health should elicit the necessary information on which to base an initial assessment.

Postnatal affective disorders contribute to the increased prevalence of mental illness in women during the childbearing years. Depression associated with childbirth is likely to recur, become chronic or develop into severe episodes of depression following future pregnancies. Childbearing can herald the beginning of prolonged mental health problems.

Pregnancy has been associated with a significant reduction in the psychiatric admission rate, but childbirth has a dramatic immediate effect in increasing rates of admission and psychiatric contact, and this increase persists for the two years following childbirth.<sup>xix</sup>

### **Sleep Deprivation**

Sleep is defined as a state of unconsciousness from which a person can be aroused. In this state, the brain is relatively more responsive to internal stimuli than external stimuli. In humans, it has been demonstrated that the metabolic activity of the brain decreases significantly after 24 hours of sustained wakefulness. Sleep deprivation results in a decrease in body temperature, a decrease in immune system function as measured by white blood cell count (the soldiers of the body), and a decrease in the release of growth hormone. Sleep deprivation can also cause increased heart rate variability. For our nervous systems to work properly, sleep is needed. Sleep deprivation makes a person drowsy and unable to concentrate the next day. It also leads to impairment of memory and physical performance and reduced ability to carry out mathematical calculations. If sleep deprivation continues, hallucinations and mood swings may develop.<sup>xx</sup>

Sleep deprivation as we have seen can result in significant physical and emotional anguish for the new mother. Without sufficient recovery times this issue would progress and impact both the child and family. Sleep deprivation also places undue burden on society and the workplace by creating unsafe working conditions due to poor concentration and or fatigue.

## Foreign Country Assessment

The Nordic countries, i.e. Denmark, Finland, Iceland, Norway and Sweden, have been considered the forerunners in designing family-friendly policies.

In a detailed study of family friendly policies across OECD countries, Nordic countries led on most of the family-friendly policy indices (OECD, 2001). At the same time, these countries have succeeded in maintaining a high rate of female labour force participation without reducing fertility to the low levels characterizing many other European countries. Thus, the Nordic countries seem to be better prepared to tackle the challenges for future welfare states posed by an ageing population.

The high labour force participation rate of women has gone hand in hand with the expansion of the welfare states in the Nordic countries. The large increase in public services directed to child care (besides extensive services related to care for the elderly and the disabled) implied that women were able to leave the home and enter the labour market, often employed in the public sector in care jobs, but now for a salary instead of doing unpaid housework.

The expansion of the welfare state has increased the tax pressure in these countries to the highest level in the world, but despite high tax levels, the Nordic countries are among the richest in the world.

Compared to other OECD countries, the maternity leave period is long and the coverage of child care is relatively high in the Nordic countries. The Nordic countries are clearly in the lead with respect to length of paid maternal leave, which in some OECD countries like the U.S. still does not exist<sup>xxi</sup>.

## **Maternal and parental leave in the Nordic countries has a history of more than 100 years!**

In Sweden, the right to four weeks of unpaid maternal leave was introduced as early as in 1901, as part of a voluntary state-subsidized sickness insurance scheme. More than 50 years later, in 1955, a 3 months paid maternity leave was introduced in Sweden, as the first country among the Nordic countries. In 1980, Swedish fathers got the right to 2 weeks of daddy days. Sweden was also the first to introduce parental leave. Since 1974, fathers could use part of the leave period, instead of mothers. The leave period was extended to 7 months in 1975, 9 months in 1978, 12 months in 1980, and 15 months in 1989.

In 1994, the leave period was reduced again to 12 months when the government introduced a benefit for homemakers. This was abolished in 1995 and the parental leave was reformed along liberal lines. For example, until 1995, the leave months could be shared between the parents without any restriction. However, in 1995, a father quota and mother quota each of 1 month was introduced, and the leave period was extended to 16 months i.e. 14 months could be shared without restriction, while one month was reserved for either parent i.e. if the parent did not use it, it was lost. The father quota was extended to two months in 2002, and for the first time, the share that mothers could take was reduced correspondingly by one month<sup>xxii</sup>.

In Denmark, a universal paid leave scheme of 14 weeks was introduced in 1967. In 1984, a parental leave scheme was introduced which allowed one of the parents to take 10 weeks of leave after the 14 weeks of maternal leave. Further, Danish fathers got the right to 2 weeks of daddy days in connection with child birth. In 1992-94, a child care leave scheme was introduced, allowing one of the parents to take a leave period of up to 52 weeks per child aged less than 9 years. The generosity of the child care leave scheme was gradually reduced during the years after 1994, and the scheme was abolished in 2002 where the parental leave period (after the maternal leave period of 14 weeks) was instead extended from 10 to 32 weeks. During a short period, 1999-2002, Denmark also had a father quota of 2 weeks, week 25-26 after birth.

Compensation rates during maternity and parental leave have varied over time. In general they have become more and more generous. In Sweden, Iceland and Norway, the replacement rate for most of the period is 80% of former wage income up to a maximum<sup>xxiii</sup>, while in Finland the compensation rate is 66% for most of the period<sup>xxiv</sup>, although 70% of the average wage level since 2005.<sup>5</sup> In Denmark, the compensation rate is 90% of former earnings up to a flat rate, which is quite low, giving on average a compensation rate of about 66%<sup>xxv</sup>. However, the compensation rate is 100% in the public sector (for the first 24 weeks), and since 2004 the majority of private sector employees have full compensation of former earnings during the maternal leave period, but not during parental leave. Denmark, the economic incentives for others have been even more pronounced, since the public sector where more than half of the women are employed (and only 20% of the male workforce is employed) has a 100% replacement rate. This means that in many families, the mother will get full compensation while the father – typically employed in the private sector – will get a compensation rate of on average only 66%.

Women in the Nordic countries were among the first in the OECD countries to massively enter the labour market in the 1960s and 1970s. Nordic mothers are still in the forefront with respect to employment, although women in many other OECD countries are approaching the level of Nordic women.

Maternal and parental leave schemes have been found to have positive effects on women's participation in the labour market<sup>xxvi</sup>. Formal rights to maternity leave make it easier for mothers to keep a formal attachment to their previous job and employer, and means that mothers do not have to start 'from scratch' when returning to the labour market after the childbirth and childrearing period. However, where these rights already exist, extensions of the rights and prolonging the maternity leave period from a certain point on may have the opposite effect, because long periods on maternity leave imply career interruptions, and thus, a reduced labour supply.



## Conclusion

The AWU supports the maternity leave proposals put forward by the ACTU.

We see it as an important first step which should be implemented as quickly as possible.

But we believe that there is a case to announce a planned progressive increase in these leave entitlements over several years.

As noted in our submission new mothers undergo significant pressures within the first six to twelve months post childbirth. There is clear evidence that there are emotional, mental and physical health issues related to the period after child birth.

The physical impact of pregnancy and childbirth has an impact on the readiness to work of many new mothers.

But the inability to return to work quickly can place further financial and emotional stress on the family unit. This in turn potentially increases the impact of Post Natal depression and may cause permanent emotional, and in some cases physical trauma.

Many of our female members work in AWU industries that involve light manual labour, long hours standing and regulated shift work and breaks. For these women it is almost impossible to return to work within 12 weeks as they report difficulty performing their work as they did previously.

These AWU women fall within the lower pay brackets and cannot afford to take extra unpaid leave as they need the additional income - not luxury items – but just to help keep their families afloat.

Many new mothers wish to return to work, however, as a result of sleep deprivation caused by a regular infant feeding schedule or physical concerns as a result of pregnancy and childbirth this is highly prohibitive.

The inclusion of “daddy days” or Paternity leave will allow new fathers to bond with their child and develop the relationship most often reserved for mothers. This would be an important investment in helping to strengthen the family unit .

There is therefore significant evidence available that qualifies our position for a longer period of paid parental leave. We encourage the Productivity Commission to consider a plan which will eventually see Australian mothers and fathers able to access parental leave programs that would involve 26 weeks maternity leave and 2 weeks paternity leave. Thus, allowing for the full post natal recovery of the mother without placing undue financial and emotional burdens on the family unit, while allowing the father time to assist in early childhood bonding and development.

## Reference List

<sup>i</sup> Costello's pitch for children ignores reality By Ceridwen Spark

January 10, 2006 *The AGE*

<sup>ii</sup> ABS Labour Force 6202.0 APRIL 2008

<sup>iii</sup> Note: these figures are in '000 and are extracted from the Australian Bureau of Statistics 2008 Yearbook.

<sup>iv</sup> Settler arrivals 1996-97 to 2006-07 Australia States and territories Department of Immigration and Citizenship

<sup>v</sup> Rowland 2003; Weston, Qu and Soriano 2003

<sup>vi</sup> ABS (2002b), *Australian Social Trends 2002*, Australian Bureau of Statistics, Catalogue No. 4102.0, Canberra. and

ABS (2003), *Births Australia, 2002*, Australian Bureau of Statistics, Catalogue No. 3301.0, Canberra

<sup>vii</sup> Jain, S. K., & McDonald, P. F. (1997), "Fertility of Australian birth cohorts: Components and differentials", *Journal of the Australian Population Association*, vol. 64, no. 1, pp. 31-46.

<sup>viii</sup> McDonald, P. (2001), "What do we know?" *The Sunday Age*, 17 June.

<sup>ix</sup> Weston, R., Stanton, D., Qu, L., & Soriano, G. (2001), "Australian families in transition: Some socio-demographic trends 1901-2001" *Family Matters*, no. 60, pp. 12-23.

<sup>x</sup> Ruzicka, L. T., & Caldwell J. C. (1982), "Fertility", in Economic and Social Commission for Australia and the Pacific, Country Monographic series no. 9, Population of Australia, vol. 1, pp. 199-229, United Nations, New York.

<sup>xi</sup> Martin, J. (2003), "The ultimate vote of confidence. Fertility rates and economic conditions in Australia, 1975-2002", Paper presented to the 8th Australian Institute of Family Studies Conference, "Steps forward for families: research, practice and policy", Melbourne, 12-14 February.

<sup>xii</sup> McDonald, P. (2001), "What do we know?" *The Sunday Age*, 17 June.

<sup>xiii</sup> Gray, M., & Chapman, B. (2001), "Foregone earnings from child rearing: Changes between 1986 and 1997", *Family Matters*, no. 58, pp. 4-9.

<sup>xiv</sup> Bittman, M., & Pixley, J. (1997), *The double life of the family: Myth, hope and experience*, Allen and Unwin, St Leonards, Sydney.

<sup>xv</sup> Gray, M., & Tudball, J. (2001), *Family-friendly work practices: Differences within and between workplaces*, Research Report no. 7, Australian Institute of Family Studies, Melbourne.

<sup>xvi</sup> McDonald, P. (2000), "The new economy and its implications for Australia's demographic future", Paper presented to the 10th Biennial Conference of the Australian Population Association, 29 November.

<sup>xvii</sup> Christine MacArthur *Reader (Maternal and Child Epidemiology)*, Debra E. Bick *Research Midwife*, Michael R. B. Keighley *Professor (Surgery)* (1997) Faecal incontinence after childbirth *BJOG: An International Journal of Obstetrics and Gynaecology* 104 (1) , 46–50 doi:10.1111/j.1471-0528.1997.tb10648.x

<sup>xviii</sup> National Health and Medical Research Council (2000) "An Information Paper *Postnatal depression* A systematic review of published scientific literature to 1999

<sup>xix</sup> IBID

<sup>xx</sup> Michael B Russo, MD, Director, Division of Aircrew Health and Performance, US Army Aeromedical Research Laboratory; Assistant Professor, Department of Neurology, Uniformed Services University.

<sup>xxi</sup> The United States introduced an unpaid leave period (cf. the FMLA) in 1993

<sup>xxii</sup> Haataja, A. and A. Nyberg. 2005. "Redesign of the dual earner-dual career model in Nordic countries," paper presented at a seminar at Danish National Social Research Institute, April 2005, Copenhagen.

<sup>xxiii</sup> Although certain large groups in the labor market have negotiated special agreements with even higher replacement rates, e.g. 90% of former earnings in the case of all state and government employees in the public sector in Sweden.

<sup>xxiv</sup> Rønsen, M. and M. Sundström. 1996. "Maternal Employment in Scandinavia: A Comparison of the After-birth Employment Activity of Norwegian and Swedish Women." *Journal of Population Economics*. 9, pp. 267-85.

<sup>xxv</sup> Pylkkänen, E. and N. Smith. 2004. "The Impact of Family-Friendly Policies in Denmark and Sweden on Mothers' Career Interruptions Due to Childbirth," IZA Discussion Paper no. 1050, IZA Bonn.

<sup>xxvi</sup> Waldfogel, J. 1998. "Understanding the 'Family Gap' in Pay for Women with Children." *Journal of Economic Perspectives*. 12:1, pp. 137-56. And

Waldfogel, J., Y. Higuchi and M. Abe. 1999. "Family Leave Policies and Women's Retention After Childbirth: Evidence from the United States, Britain, and Japan." *Journal of Population Economics*. 12:4, pp. 523-46.