Paid maternity, paternity and parental leave for Australia:

An evaluation of the context, evidence and policy options

Marian Baird, Jenni Whelan and Alison Page

Women ♂ Work Research Group

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The Women Work Research Group (WWRG)

The WWRG was established in 2006 in the Faculty of Economics and Business with the aim of providing a Sydney hub to expand existing bodies of knowledge and research expertise about women and work in Australia and the Asia Pacific region. The WWRG has a cross-disciplinary focus and provides a scholarly environment to examine all aspects of women, work, family and community. In addition to providing research and professional services, the group holds regular forums and seminars and has strong links with government, business, unions and policy makers.

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Part 1: Background

Australia lacks legislated provision of paid maternity leave, paid paternity leave and paid parental leave for all workers.

In accordance with the definition in the Inquiry into paid maternity, paternity and parental leave: Productivity Commission issues paper April 2008, paid maternity leave is defined as job-protected leave from work to accommodate recuperation from birth and the early care of infants (Productivity Commission, 2008: 3) — as such, it is differentiated from welfare payments to assist with costs of babies and child rearing. Paid paternity and parental (and adoption) leave are regarded similarly as job-protected leave from work.

The Productivity Commission Inquiry

In February 2008 Chris Bowen, Assistant Treasurer and Minister for Competition Policy and Consumer Affairs, referred strategies for improved support for parents with newborn children and up to two years of age to the Productivity Commission to:

1. identify the economic, productivity and social costs and benefits of providing paid maternity, paternity and parental leave; and
2. explore the extent of current employer provision of paid maternity, paternity and parental leave in Australia.

The Productivity Commission is to provide its report by the end of February 2009.

Part 2: Australia

International conventions
A number of international conventions recommend paid maternity leave:

• the United Nations Convention on the Elimination of Discrimination Against Women
• ILO Convention 183, Maternity Protection, 2000 (C183) and ILO Recommendation 191, Maternity Protection, 2000 (R191).

The United Nations Committee on the Rights of the Child has dealt directly with the need to provide maternity and paternity leave and ‘family-sensitive’ working conditions that meet the needs of both children and working parents. In relation to Australia, the Committee noted its concern that women working in the private sector are not systematically entitled to maternity leave, which could result in different treatment between children of State employees and those working in other sectors. Accordingly the Committee encouraged Australia to review its legislation and make paid maternity leave mandatory for employers in all sectors, in the light of the principle of the best interests of the child (Australia IRCO, Add.79, paras. 17 and 31) (Hodgkin & Newell, 2002: 253).


Provision of statutory paid maternity, paternity and parental leave in Australia

At the time of writing, sections 265 to 297 of the *Workplace Relations Act 1996* (Cwlth) provide for unpaid ‘parental leave’: a period of 52 weeks available to be shared between a mother and her spouse at the birth or adoption of a child with a guarantee of employment protection. However, there is no provision for *paid* maternity, paternity or parental leave in the Workplace Relations Act. Nor do the National Employment Standards include paid maternity, paternity or parental leave.

All public service employers now provide paid maternity leave (see Table 2.1 below). Provision for all public sector employees varies, however, with some employees of Boards in NSW, for example, receiving no paid maternity or parental leave.

<table>
<thead>
<tr>
<th>Weeks of paid Maternity leave</th>
<th>C’wealth</th>
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Provision of paid leave in the private sector is therefore reliant on employers — either unilaterally or via enterprise bargaining. The most recent available statistics on the provision of and the use of paid maternity leave reveal the following:

- Paid maternity leave is provided to less than 50 per cent of the female workforce, it is available in just half of medium-to-large organisations and is present in less than one-quarter of enterprise agreements:
• 45% of female employees said they had access to paid maternity leave (ABS, 2007, Benefits and Trade Union Membership).
• 23% of enterprise agreements include a paid maternity leave clause (Workplace Research Centre Data Base, 2006–07).
• 48.9% of organisations with 100 or more employees provide paid maternity leave. 84% of these organisations do not make paid maternity leave available to casual employees or contractors. Other disadvantaged groups include non-managerial employees, those under a particular award or category, and women who do not meet the eligibility minimum service criteria (EOWA, 2007 data).

In 2005 paid maternity leave was used by approximately one-third of mothers at work:
• 33.7% of all mothers employed in the 12 months before the birth (not necessarily full 12 months) took some paid maternity leave (Whitehouse, Baird, & Diamond, 2006, Parental Leave in Australia Study).
• 34% of mothers-to-be used paid maternity leave (ABS, 2005 Pregnancy and Employment Transitions).

The provision and use of paid maternity leave vary due to eligibility criteria and segmentation of the workforce. Paid maternity (and paternity and parental leave) is concentrated in the industries of finance, insurance and utilities and is largely absent from the female-dominated industries of retail and accommodation, cafes and restaurants.

The average duration of paid maternity leave in Australia is between 6 to 11 weeks and is well below international benchmarks. The ILO endorses 14 weeks, with recommendation to increase to 18 weeks; the World Health Organization endorses 16 weeks.

**Maternity leave policy models previously considered for Australia**

For some time, the need for Australia to adopt paid maternity leave has been officially in the arena of public debate. Part 2.5 of this paper outlines maternity leave policy models already considered for Australia.

**Part 3: International context — analysis of other country models**

**Source of funding of international systems of paid maternity, paternity and parental leave**

Different definitions of funding sources are used, but for clarity and consistency the report identifies whether or not the system is:

1. *Employer funded*, directly or through a levy administered by the government where employers meet the full cost of paid maternity leave for eligible women in their workplace.
   *Examples*: Angola, Cambodia, China (100% for 90 days), Switzerland (100% for 8 weeks) and Mozambique (100% for 60 days).

2. *A social, health or unemployment insurance scheme run by the state*, whereby employed and self-employed people pay contributions from their earnings into
the fund and/or employers and the state also contribute to this pooled fund. *Examples:* Canada, UK and Sweden — see Appendix B for illustrations of differing contribution rates.

3. **Funded by payments from state revenue.**
   *Example:* In New Zealand the Inland Revenue Department makes payment directly to eligible parents’ bank accounts.

4. **A combination of social insurance plus mandated employer supplements,** whereby the state funds to a ceiling and employers pay the difference from discrete funds.
   *Examples:* In Germany female employees pay compulsory contributions to social insurance funds and on maternity leave are entitled to receive 100 per cent of their earnings. The state pays part of this amount per day as a maternity benefit and the difference between this amount and the full average salary is covered by an employer-paid supplement.

5. Solely funded by contributions by employees.
   *Example:* the Californian Paid Family Leave Insurance Program, which is entirely funded by employees via a payroll tax deduction.

**Other country models**

(Note that the information provided below relates only to maternity leave schemes as at July 2008; the full report provides details of paternity and parental leave at that time.)

**Eligibility**

In most countries, eligibility for paid maternity leave is usually based either on employment, with varying qualifying periods, or payment of a minimum statutory insurance contribution. Where eligibility rests on an employment nexus, in some countries it expressly does not extend to self-employed mothers (Canada, Germany and the Netherlands) and in other countries it does so extend (Belgium, Czech Republic, Estonia, France, Hungary and the UK). The exceptions are Iceland, where one just needs to be ‘economically active’; Sweden, where a small minimum benefit is provided to any woman (including women at home) covered under health insurance (however, if a mother’s income exceeds a minimum level in a defined period before the birth, she is eligible for a more generous leave benefit); and Spain, where a small minimum benefit is paid to mothers who do not satisfy social security contributions criteria; and Finland, where eligibility is based on residency alone.

**Duration**

In terms of continuous postnatal leave, 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).

**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.

**Funding**

The paid maternity leave systems for most countries are funded via social insurance schemes run by the state where employed (and self-employed) people pay contributions from their earnings into the fund and/or employers and the state also contributes to this pooled fund. These contributions may also fund other social-insurance related benefits, particularly sickness benefits.

Any direct comparisons of funding contributions should be made with caution. Cross-country comparisons are not strictly valid, as the ultimate quantum of the maternity leave benefit differs across countries. Furthermore, funding contributions should be considered in light of each country’s tax regime and other social security measures.

Notwithstanding the comment above, cross-country comparisons show that **employee contributions** range from 0.4% of earnings (Greece) to 11% of earnings (UK). Where self-employed mothers are eligible for paid maternity leave, their contributions range from 0.1% of assessed income (Slovenia) to 15% of ‘declared earnings’ (Hungary).

**Employer contributions** range from 0.1% of payroll (Slovenia) to 12.8% of payroll plus 0.16 % of profits over a maximum amount (France). The state does not contribute to social-insurance based paid maternity leave for all countries; however, where applicable, state contributions tend to meet either any scheme deficit (Hungary, Ireland and Norway) or the cost of any minimum daily allowance (Finland).
Part 4: Developing evidence-based policy

Overview: Maternity, paternity and parental leave outcomes — an evaluation of the evidence

In this section the report canvasses the research evidence on the outcomes of paid maternity, paternity and parental leave in order to develop evidence-based policy.

Three generations of parental leave policies can broadly be identified:

- The first generation dates back to the 1970s where the focus was maternity leave and job protection in response to increases in female workforce participation.
- The second generation of policies provided specific paternity leave periods and extended parental leave in order to address the gendered nature of leave taking and to encourage the role of fathers in parenting.
- The third and most recent generation of parental leave policies have incorporated flexibility and return-to-work arrangements as a further way of easing work–family tensions and facilitating both women’s and men’s workforce transitions.

The research indicates that public policies are very influential in affecting the labour market and parenting behaviours of employees and the attitudes of employers; for example:

- Mothers respond directly to either the shortening or lengthening of paid periods of maternity leave by taking commensurately shorter or longer periods of leave.
- In terms of breastfeeding there is a clear and established link between the length of paid maternity leave and the length of time a mother breastfeeds.
- Employment and breastfeeding are in competition, and when women return to work earlier breastfeeding rates drop off. If mothers are able to return to part-time rather than full-time work, breastfeeding continues longer.
- The designation of paid paternity leave to fathers only on a use-it-or-lose-it basis has seen fathers in Iceland, Norway and Sweden take longer periods of paternity leave and participate in the rearing of their children.
- In New Zealand and California, employers who were initially reluctant found that the policies had a positive effect and assisted in better planning of work and improving employee relations.

The report draws on sources post-2000, with the exception of earlier research and publications that have been highly significant in the greater body of work. The report summarises the research on the impact of paid maternity and parental leave under the following headings:

1. Infant and maternal welfare
2. Workforce attachment and retention benefits for business
3. Gender equity and social fairness
4. Workforce capacity and workplace performance
5. Fertility
1. Infant and maternal welfare

The evidence strongly points to positive links between increased paid maternity/parental leave and:

- reduced infant mortality
- improved child behaviour
- lengthened periods of breastfeeding
- less infant/child sickness such as diarrhoea, ear infections and respiratory tract infection
- improved immunisation rates
- reduced maternal depression
- improved father engagement with the family
- reduced infant infection and mortality rates and improved infant and maternal wellbeing: 26 weeks is the point at which the health outcomes for baby and mother are more positive than negative
- improved child behaviour outcomes, if maternal care continues beyond 26 weeks up to one year
- beneficial health and behavioural outcomes where mothers are in part-time employment in first year after childbirth compared with full-time employment.
- maximised positive outcomes when the leave is paid and provided in a job secure context and with secure home and social contexts
- positive outcomes are more likely when supporting child care and workplace policies are in place.

2. Workforce attachment and retention benefits for business

There is mounting evidence that there are positive outcomes for business as a result of the provision of paid maternity, paternity and parental leave, so long as the leave is not too long (more than one year from the employer’s perspective) and employee replacement issues can be managed. These benefits include:

- paid maternity leave improves female return-to-work rates
- the notion of an optimum leave time is different for the employee, the employer and child and family perspectives
- mothers do return to work after paid maternity leave and typically to the same employer
- many mothers would prefer longer leave than they currently have
- in Australia, a period between 9 and 12 months is when mothers are most satisfied with the timing of their return to work
- the most cited reasons for Australian mothers returning earlier than they prefer are lack of paid maternity leave and financial pressures (similar in New Zealand)
- Canadian evidence suggests one year is favourable to the employee’s ongoing labour force attachment
- evidence from Sweden of higher participation rates of mothers if fathers also take leave
• in Australia, mothers expect to return to work part-time — and three-quarters do (same in New Zealand and Germany)
• businesses report higher retention rates after introduction of paid maternity leave, e.g. Holden, Westpac
• after maternity leave, companies can ease the re-entry process and improve performance through stay-in-touch programs and training on return to work
• countries adjust public policies over time and according to changing circumstances: recent increase in paid maternity leave in the UK and Germany; reduction in leave from 24 to 18 months in Austria
• leave periods that are too long (much longer than one year) can impact on mothers’ workforce attachment
• some evidence from recent UK studies of a link between provision of family-friendly policies and improved financial performance of business.

3. Gender equity and social fairness

There is considerable consensus in the research on the impact of maternity and paternity leave policies on gender equity. While there is less specific research on class equity, again, the findings are consistent. In brief:

• Leave taking is highly gendered — especially in the early months.
• Parental leave is taken by women more than men.
• The reasons are women’s preference; biological (breastfeeding and maternal recuperation); social (motherhood norms); and financial (gender pay gaps).
• Leave taking is also class based; mainly for financial reasons, low income earners and those of lower socio-economic status have less chance of taking longer leaves.
• Long leave periods (over one year) can be disadvantageous to women’s labour market position.
• Mothers often return to part-time work, but this has a scarring effect on longer-term earnings — and is one of the factors leading to the ‘motherhood pay gap’ of 6 to 12%.
• As a consequence, the costs of child rearing are borne disproportionately by mothers.
• Changing social norms recognising fathers’ role in child care have seen increasing use of paternity leave or ‘daddy days’ — reserved leave, non-transferable leave for fathers’ use only — emerging in a number of countries.
• Fathers tend only to take parental leave if it is designated for them and paid at a high income replacement rate.
• If fathers take leave, mothers do return to work and fathers are more involved in parenting in the longer term.
• Supporting child care policies are needed (e.g., Sweden’s parental leave package includes a nationally funded child care system in which the majority of Swedish children take part).
• Supporting policies of shorter working hours also assists fathers in participating in parenting.
The limits on leave taking include lack of policy knowledge, income and type of job/occupation.

4. Workforce capacity and workplace performance

The evidence on the direct impacts of maternity, paternity and parental leave schemes on workforce capacity, performance outcomes and employer attitudes is drawn from recent evaluations of the New Zealand and UK systems where, until relatively recently, employer provision was a characteristic of their systems, rather than the contributory social insurance schemes that operate in much of Europe. Impacts include:

- Low awareness and knowledge of policies, especially among small employers; more knowledge in public sector than private sector.
- Maternity, paternity and parental leave does not affect every employer — especially not every small employer.
- Employer acceptance is high once the new policy is in place.
- Employers say existence of policy allows better human resource planning.
- Replacement for employees on leave can be difficult; especially for small employers. There is some New Zealand evidence that a period longer than six months is harder to cover.
- There is not much research information on collective bargaining and employer supplements to maternity, paternity and parental leave, but where it is referred to, top-up pay and additional maternity leave benefits are more likely in the public sector.
- Fathers take less paternity leave, and will often use annual leave. Few employers reported problems with fathers taking paternity leave.
- An analysis of OECD participation rates by Jaumotte (2004) shows that many OECD countries have higher levels of labour force participation among prime aged women than Australia. The potential determinants of participation include a package of policies relating to:
  - the availability and length of paid parental leaves
  - flexibility of working-time arrangements
  - the taxation of second earners
  - child care subsidies
  - child benefits.

5. Fertility

The research on fertility rates indicates that there is no simple or direct correlation between paid maternity, paternity and parental leave policies and fertility rates. The conclusions that can be drawn from the research are as follows:

- The relationship between maternity leave and fertility rates is complex and the causal relationship between the two is insignificant.
- Cash payments (such as the Baby Bonus) may impact, but on timing of the first child rather than the total number of children.
• The interplay of social norms and public policy in affecting fertility outcomes should not be underestimated.

Part 5: Models for Australia

Based on the evidence presented above some country models stand out as possible exemplars for Australia. These are listed below with a brief description of the scheme.

1. Denmark — as an illustration of full replacement earnings.
   In Denmark, women are entitled to 18 weeks of paid leave at a high replacement rate, men are entitled to 2 weeks paid paternity leave and families are entitled to 32 weeks paid parental leave, also at a high replacement rate (100 per cent of earnings, up to a ceiling). Subject to agreement with employer, this period can be extended to 46 weeks, payable at a reduced rate, to enable the relevant parent to return to work part-time.

2. Iceland — as an example delivering gender equality.
   Iceland offers three months paid leave to each parent and a further three months to be shared. This has resulted in a clear tendency towards an increased equality regarding both work and care for parents of children under three years old. The OECD (2007b) commented that: ‘Denmark and Iceland have the most effective public policies and workplace practices that promote a healthy work and family balance.’

3. Sweden — as an illustration of ‘daddy leave’ and best practice in terms of leave duration and high wage replacement.
   In Sweden women are entitled to 60 days of paid leave at a high replacement rate, 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. Two months of parental leave is a ‘use it or lose it’ option for fathers and fathers’ take-up rates of parental leave is comparatively higher than in countries without the ‘use it or lose it’ option.

4. United Kingdom — because of Australia’s cultural similarity and the UK’s recent and ongoing reforms (note: the UK is moving closer to the Swedish model)
   Since 1 April 2007 (The Work and Families Act 2007), the UK provides paid maternity leave for 39 weeks. (This is an increase from 26 weeks with a plan to extend to 52 weeks by the end of the current Parliament.) The pay is made up of a statutory maternity pay: six weeks at 90 per cent of average earnings (no ceiling) and 33 weeks at the lesser of £117.18 (€165) or average earnings (see <http://www.businesslink.gov.uk>), 13 weeks unpaid maternity leave, two weeks paid paternity leave and 13 weeks unpaid parental leave (which can be taken until the child is five).
   Up to 10 ‘Keeping Touch Days’ were also introduced where employees can work up to 10 days without affecting their statutory entitlement to pay or leave.

5. New Zealand — because its model is the closest to the one favoured for Australia by HREOC.
In 2002 the New Zealand government introduced paid parental leave, initially for a period of 12 weeks, extended to 14 weeks in 2005.

To be eligible, employees must have worked continuously with the same employer for an average of at least 10 hours a week (including at least one hour in every week or 40 hours in every month) in the 6 or 12 months immediately before the baby’s expected due date. Eligibility for PPL is primarily determined through the birth mother. However, if their spouse/partner (including same-sex couples) fits the eligibility criteria, the mother can transfer part or all of the leave to them.

For the self-employed in New Zealand to be eligible for parental leave payments, a birth mother/adoptive parent has to establish that they had worked an average of at least 10 hours a week over the 6 or 12 months immediately before the expected date of delivery or adoption of a child.

New Zealand provides paid parental leave at a gross weekly rate of pay up to a ceiling of NZ$391.28.

6. California — as an example of employee-only funding.
   The Paid Family Leave Law was passed by the Californian state legislature in 2002, and took effect from 1 July 2004. All employees compulsorily contribute up to $US65 p.a. This provides for six weeks of paid maternity leave calculated at 55 to 60% of earnings up to a ceiling of US$840 (€620). Self-employed people may opt into the insurance scheme. The work requirements before accessing the benefit are very minimal with workers only needing to have earned $300 in the ‘base period’ before filing a claim.

7. The Netherlands — as an example of advanced flexible return-to-work model.
   The Netherlands offers 16 weeks paid maternity leave, two days paid paternity leave, and 13 times the number of working hours per parent per child by way of unpaid parental leave which can be taken up until the child’s eighth birthday.

A model for Australia

The parameters proposed below are founded on the specific Australian political, economic and social policy landscape and on the following principles:

1. To protect and enhance infant care, wellbeing and longer-term behavioural outcomes.
2. To acknowledge and facilitate women’s and men’s dual roles as active labour market participants and active parents with caring responsibilities.
3. To enable mothers and fathers to participate more equally in the parenting of their children.
4. To build the workforce capacity of the nation by retaining and utilising the human capital of all employees.
5. To improve women’s workforce attachment over the life cycle.
6. To enhance equality between women and men in the workplace and in the home.
7. To provide policy certainty, enable workforce planning and improve performance outcomes for employers of small, medium and large workforces.
8. To ensure that the introduction of the proposed model does not disadvantage workers in comparison to any parental leave rights they previously enjoyed.
9. To enable Australia to meet international standards and obligations.

Based on the evidence and the objectives outlined above, we recommend that an Australian scheme should aim to include the following features:

1. **Duration**
   - Aspire to a total of 52 weeks of post-birth paid maternity/parental/adoption leave.
   - This would include
     - a duration of 26 weeks specified paid maternity leave;
     - 26 weeks additional paid parental leave available to either parent.
   - Australia should also aspire to an additional ring-fenced four weeks simultaneous paid paternity leave (which can be taken near time of the birth).

2. **Eligibility**
   - Have broad and inclusive eligibility criteria.
   - Be non-discriminatory towards same-sex couples.

3. **Income**
   - Provide 100 per cent wage replacement levels.
   - Treat as other forms of income while on leave and tax accordingly.

4. **Funding**
   - Provide some element of funding from general revenue to even out market provision. Unlike most other countries, Australia does not have a widespread social insurance system from which to fund paid parental leave. Instead, all employees and employers currently pay tax. Furthermore, the market currently distributes paid maternity and parental leave unevenly and inequitably.
   - Accompany government funding by additional provision from employers to enable provision up to income replacement levels on the basis that paid maternity, paternity and parental leave should be considered as employment related entitlements.
   - To be organised so that it is compatible with current Australian welfare and employer funding regimes and to alleviate small business concerns.
5. Return to work

- Provide for the right to flexible work practices upon return to work until the child is at least two years of age.

6. Employer responsibility

- Include a ‘keep-in-touch component’, lactation facilities and a post-maternity re-entry and retraining obligation on employers.

7. Supporting child care

- Provide complementary and integrated child care policies. Government and employer provisions should be coordinated.

8. Review and evaluation

- The scheme should be reviewed and updated periodically in order to maintain and meet community expectations and needs and to keep in line with international standards.

**Expected outcomes for Australia**

As the above model framework is proposed on the basis of the current available evidence, it is also proposed that if such a paid maternity and parental leave model were introduced the following outcomes could be expected.

Infant and maternal wellbeing outcomes would be strengthened by the specified maternity leave of 26 weeks and, in particular, breastfeeding rates may improve. Furthermore, an extension of parental leave to 52 weeks increases the likelihood of additional parental involvement in the second half of the child’s life when the foundations of behavioural outcomes are laid, thus anticipated improvements in longer-term behaviour outcomes can be expected.

With an increased period of paternity leave which is paid at income replacement levels, fathers’ participation in child rearing and domestic duties can also be expected to increase. The combined effect of these paid maternity and paternity leave policies is not only to improve infant and maternal health over the longer term but also to lead to more gender equitable outcomes in relation to paid work and domestic work.

Given the continuing debates about the prospects for paid maternity (and paternity and parental leave) for Australia, the introduction of a public policy in this respect would settle community concern and, importantly, also provide certainty for employers, enabling them to improve their own plans and future human resource policy directions.

In relation to participation rates and return-to-work rates, guaranteed paid parental leave with job protection can be expected to improve both of these workforce attachment patterns. Accompanying child care and employer policies are also necessary, however.
Thus, responsibility on employers to keep in touch with employees on parental leave and to provide organised return-to-work transitions with appropriate training and workplace conditions, such as lactation facilities, is required to realise the best outcomes from the introduction of paid parental leave. Changes in organisational culture with regard to the use of parental leave also need attention.

The international research evidence demonstrates that public policy change plays an important part in changing individual behaviours with regard to workforce participation and social attitudes to work and family responsibilities. Overall, the expected outcomes of the introduction of paid maternity, paternity and parental leave policies for Australian citizens and workers are improved workforce capacity and utilisation of human capital investments, increased participation rates of females, improved retention rates and therefore capacity for employers to plan future human resource needs and improved gender equity both in the workforce and in the division of labour at home.

**Part 6 Conclusion**

Paid maternity leave must be understood as *paid leave from work* to enable birth, and infant and maternal care. As such it relates to employment and labour force attachment. Job protection is an integral aspect. Paid paternity and parental leave have similar meanings with relation to *paid leave from work* to meet parenting responsibilities.

Cross-national comparisons show that there are considerable differences between national parental leave policies. Typically, other countries have followed a different funding path with their models being funded through social insurance systems. Many countries began providing paid maternity leave in the 1970s and 1980s and have continued to update and broaden their schemes to now provide paid paternity and parental leave. In the exemplar country models outlined in the report, parental leave policies are supported by a package of child care and flexibility programs.

In Australia in the private sector, the locus of paid maternity, paternity and parental leave policies is the workplace. Without a government-funded scheme, a significant portion of the Australian workforce has no entitlement to paid maternity or paternity leave. As a consequence, only an estimated 35 per cent of mothers at work and 45 per cent of all female employees have access to paid maternity leave entitlements. Approximately just half of employing organisations provide paid maternity leave. The figures are considerably lower for the provision of paid paternity leave. The duration of paid maternity leave in the private sector averages six weeks in those organisations that provide paid maternity leave. Average duration is slightly higher at 9.5 weeks when public sector employee provisions are included. These periods are well below international standards and comparisons. Even if the current Baby Bonus was considered as a de facto paid maternity leave scheme, at $5000 it equates with only approximately 9.5 weeks at current federal minimum wages.

Given the established pattern of employer provision in Australia, it is important to also consider an appropriate way to enable employers and unions to continue contributing to
enhancing provisions. There is much scope for this to occur, even beyond extending leaves. Evidence from within Australia and overseas already shows that stay-in-touch programs, lactation facilities and return-to-work training are just some examples of where employer policy can assist the work and family transitions for mothers and fathers.

The research summarised in the report provides a consistent and valid basis for the development of evidence-based policy. In brief, the research shows that in order to best meet the health and welfare needs of infants and mothers, a period of 16 to 26 weeks paid maternity leave is required. Income replacement is the most effective way of addressing equity issues and while this does not overcome all class and gender inequities, a high level of funding goes some way to addressing them. Additional leave up to 52 weeks further enhances child health and behavioural outcomes and maternal wellbeing. To enable fathers to participate in child rearing a period of designated paid paternity leave is a necessary component. In all, a period of 52 weeks leave is found to be manageable by employers and is less disadvantageous on women’s longer-term careers and income security.

Evidence from other countries also shows that business both adapt quickly to government policy on paid maternity, paternity and parental leave and can benefit from the introduction of such a scheme in terms of attraction and retention as well as enhanced employee satisfaction and commitment.

Given the recognised time and income pressures on Australian working families and the labour market capacity shortfalls in the economy, this is an opportune moment to address the lack of paid maternity, paternity and parental leave in Australia. Notwithstanding the need to consider a total work–family–care policy package, the lack of a paid maternity, paternity and parental leave scheme available to all Australian working women and men is a clear and obvious flaw in the current public policy and one that should be, and can be, rectified in the immediate future.
Part 1 Background

Australia lacks a national paid maternity leave system, a fact that has dominated relevant political and research agendas for the last decade. It also places Australia in an unambiguously recalcitrant position in terms of international comparisons where the vast majority of countries provide paid maternity leave and many now also provide paternity leave. The newly elected Federal Labor Government has reopened the policy debate and directed the Productivity Commission to conduct an inquiry into the merits of introducing paid maternity, paternity and parental leave. As the Productivity Commission notes, this is also understood to include adoption leave.\footnote{The Productivity Commission’s (2008: 3) Issues Paper includes adoption leave in the definition of parental leave. In relation to adoption leave and pay it is noted that as a general comment, most countries considered in this paper provide for mandated adoption leave on the same (or similar) terms to their mandatory parental leave schemes. A few countries offer somewhat less generous adoption leave terms (Estonia, Netherlands and Portugal) while some others offer slightly more generous terms (Finland and Slovenia).} This report is written as a background report on some of the issues raised in the Productivity Commission’s issues paper April 2008: \textit{Inquiry into paid maternity, paternity and parental leave.}

The question about provision of policies to assist Australian families meet their work and family, economic and social obligations, comes at a time when there are rising concerns about labour market supply and ageing of the population. Labour force participation rates for women 15–64 years are currently at 68 per cent (ABS, 2007), an historic high for Australia, but pressures to provide care for the young, disabled and elderly are mounting. However, in 2006, the Productivity Commission (Abhayaratna & Lattimore, 2006) identified child-bearing aged women (25–44 years), as one of the three population groups where Australian participation rates are below other leading OECD countries.\footnote{The other two were prime working aged men (25–54 years of age) and older men and women (55–64 years).} While there are calls for increased female participation, this presumably cannot be achieved without additional social support. There have already been significant social shifts in combining mothering and paid work. Some of these were summarised by the ABS (2008b) in the ‘Mother’s Day 2008’ media release:

The median age of mothers who gave birth in 2006 was 30.8, up from 29.2 in 1996.

Women could expect to have 1.8 children in their lifetime in 2006, the most since 1995.

Births are up — Australia registered 265 900 births during 2006 — more than in any year during the last three decades.

More mothers with children aged under 15 years are employed than in the past. Almost two thirds (63\%) of mothers with children aged under 15 years were employed in March 2008, compared with 54\% 10 years earlier.

60\% of employed mothers with children aged under 15 years worked part time.
As employment among mothers has increased, the use of formal child care has also increased. The percentage of children under the age of 12 years attending formal care increased from 14% in 1996 to 23% in 2005.

In 2006, mothers with children aged under 15 years spent, on average, between 16 hours per week (for those employed full-time) to 28 hours per week (for those not employed) caring for children.

In 2005, 83% of employed mothers with very young children (aged under 2 years) used some form of working arrangement to help balance work and child care responsibilities. The arrangements most commonly used were flexible working hours, used by 44% of employed mothers; permanent part-time work, used by 39%; and working from home, used by 27%.

67% of mothers in a couple family with children aged under 15 years, and 61% of lone mothers with children aged under 15 years, reported in 2006 that they ‘always or often felt rushed or pressed for time’.

The Productivity Commission terms of reference

In February 2008 Chris Bowen, Assistant Treasurer and Minister for Competition Policy and Consumer Affairs, referred strategies for improved support for parents with newborn children to the Productivity Commission (‘the Commission’) for inquiry pursuant to Parts 2 and 3 of the Productivity Commission Act 1998. The Commission is to provide its report by the end of February 2009.

The Commission has been tasked to:

1. Identify the economic, productivity and social costs and benefits of providing paid maternity, paternity and parental leave.
2. Explore the extent of current employer provision of paid maternity, paternity and parental leave in Australia.
   1. Identify paid maternity, paternity and parental leave models that could be used in the Australian context.
   2. Assess those models for their potential impact on:
      i. the financial and regulatory cost and benefits on small and medium-sized business
      ii. the employment of women, women’s workforce participation and earnings and the workforce participation of both parents more generally
      iii. work/family preferences of both parents in the first two years after the child’s birth
      iv. the post-birth health of the mother
      v. the development of young children, including the particular development needs of newborns in their first two years; and relieving the financial pressures on families
   3. Assess the cost effectiveness of these models.
4. Assess the interaction of these models with the Social Security and Family Assistance Systems.

5. Assess the impacts and applicability of these models across the full range of employment forms (e.g., including for the self-employed, farmers, shift workers).

6. Assess the efficiency and effectiveness of government policies that would facilitate the provision and take-up of these models. (See <http://www.pc.gov.au/inquiry/parentalsupport/information/termsofreference>)

As part of its inquiry process, the Commission is seeking public submissions on relevant issues. To assist with preparation of submissions, the Commission (2008) released an issues paper on 7 April to provide initial background into existing parental leave arrangements in Australia and internationally and to indicate areas which the Commission believes need to be addressed in the inquiry.

**Scope of this paper**

Adopting the terminology used in the Commission’s (2008) issues paper, this paper provides an assessment, as at July 2008, of the provision of paid maternity, paternity and parental leave in Australia, and an analysis of the paid maternity, paternity and parental leave models operating successfully in other countries and in particular the funding and welfare system from which they are derived.

This assessment is informed by Appendix A, which contains tables representing a compilation of the most current data available at the time of writing on key leave criteria for targeted countries’ paid maternity, paid paternity and paid parental schemes respectively. These leave criteria are eligibility, payment, duration, source of funds and who administers the funds. The targeted countries are mostly OECD countries and were selected on the basis that they had ‘best practice’ leave schemes and/or had the ‘closeness of fit’ with Australia’s history, economy, culture and government systems and were therefore the better comparators.

Also reviewed is the research evidence on the outcomes of those models. The feasibility of applying these models or aspects thereof and an assessment of their policy efficacy to the Australian context is considered. This assessment is informed by Appendix B, which is a table showing the key leave features of a number of exemplar countries.

The paper is structured in five parts. This part (Part 1) is the introduction. Part 2 provides a summary of the provision of statutory maternity, paternity and parental leave in Australia (paid and unpaid) at the time of writing, and the extent of employer provision of paid maternity, paternity and parental leave in Australia. A summary of the leave policy models that have already been considered for Australia is provided.

Part 3 of the paper examines and analyses the selected overseas models with particular attention to the welfare system from which they are derived through the identification of
typologies of international ‘leave policy models’, the identification of the source of funding and/or welfare system of international systems of paid maternity, paternity and parental leave. Selected countries’ leave systems are compared on the basis of key leave criteria identified in the tables comprising Appendix A (discussed above).

Part 4 of this paper examines the recent international and Australian research evidence on the impact of maternity, paternity and parental leave schemes on child, maternal and paternal health and wellbeing; gender and class equity; female return to work and labour force participation; fertility and employer acceptance; and workplace performance. This Part has been revised since the time of writing to incorporate research findings released closer to the time of publication.

Part 5 sets out possible exemplar models for Australia and considers the feasibility of applying these to the Australian context. It does this by identifying international paid maternity, paternity and parental leave models (or aspects of models) that could be used in the Australian context, by assessing those models for their potential economic and social impact, and by identifying the most feasible paid maternity leave model(s) for the Australian context. This Part is informed by the table comprising Appendix B (discussed above).

Finally, Part 6 concludes this paper by recommending a set of principles and model components that Australia should adopt to achieve the best outcomes on the basis of international evidence to date.

Because of the terms of the Commission inquiry, this paper focuses on the provision of maternity, paternity and parental leave up until the child is two years of age. It should be noted that the literature reveals there are different meanings of the terms. For instance, in many OECD countries, in particular, the provision of parental leave often extends beyond the child’s second birthday, and in some countries (such as Sweden) up until the child’s eighth birthday.

In terms of providing tools for analysing the models of parental leave operating internationally, and in order to suggest an appropriate way forward for Australia, the authors of this paper believe that a targeted data collection and analysis yields a far more effective assessment compared with a broad presentation and discussion of all available data and other country models.

**Methodology**

There are some specialised data sources regarding paid maternity, paternity and parental leave systems.

For example, the OECD provides comparative statistical data, working papers and reference papers in relation to the 30 OECD member states, many of which are relevant to paid parental leave. (Much of this data, however, was outdated at the time of preparing this paper.)
The United States Office of Policy Data also provides relatively current summarised details of many countries’ social policy systems, including those pertaining to paid maternity, paternity and parental leave.

Members of the International Network on Leave Policies and Related Research submit information on their respective country’s maternity, paternity and parental leave programs for publication in an annual international review. The most recent review was coordinated by Moss and Wall (2007) and was published by the Employment Market Analysis and Research Branch (EMAR) of the Department for Business Enterprise and Regulatory Reform (UK).

Most countries also collect and publish their own statistics relating to employment, unemployment, birthrates and so forth. Researchers within these countries also produce scholarship in relation to their system of leave, and in most instances add to this body of knowledge each time a facet of the system changes. There is also research providing comparative analysis of the provision of paid maternity, paternity and parental leave in Europe which emerged as a result of the June 1996 European Union Directives that members provide at least 14 weeks maternity leave and a statutory right to men and women workers to a minimum three-month period of parental leave.

In Australia, the Human Rights and Equal Opportunity Commission (HREOC) conducted an inquiry into prospects for a paid maternity leave model in 2002 and covered much of the research in that report (see HREOC, 2002a, 2002b). For this reason, the authors of this paper have, for the most part, concentrated on research post-2000 relating to maternity leave, paternity leave and/or parental leave by prominent international academics in authoritative international journals and databases. If, because of their significance, earlier articles and reports are needed, they are also referred to where appropriate. Many Australian and international government and governmental agency websites were also searched for relevant material including websites for Australian Federal Parliament, HREOC, the Equal Opportunity for Women in the Workplace Agency, the Australian Institute for Family Studies, the Organisation for Economic Cooperation and Development (OECD), the International Labour Organization (ILO), the European Industrial Relations Observatory Online (EIRO), the National Economic Bureau of Research (Canada), the United States Office of Policy Data, The Department of Labour (New Zealand) and the Department for Business Enterprise and Regulatory Reform (United Kingdom).

To the extent possible, this report is based on data from reputable sources which could be verified. Accordingly, for purposes of the report, data on the various features of relevant countries’ maternity, paternity and parental leave schemes in the country notes in Moss and Wall’s (2007, n. 10) report was used in preference to the OECD statistical data as the former is more recent and easier to verify. The Moss and Wall (2007, n. 2) data was also far more consistent with the United States Office of Policy data which informed the

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3 Directive 96/34/EC.
4 Including ProQuest incorporating the ProQuest Dissertations and Theses (PQDT) database, Sage Full-Text Collections, Google Scholar, Australian Digital Thesis Program Database, and several Wiley InterScience Data Bases.
international comparisons in the Productivity Commission’s discussion paper. Where these sources did not provide the necessary data or where the data was inconsistent, the authors of this paper have crosschecked the information against relevant governmental agency websites, to the extent possible.
Part 2  Australia

2.1 International conventions pertaining to Australia

Much of the debate refers to Australia’s poor standing internationally both in terms of adherence to international conventions and by comparison with other countries’ provision of paid maternity, paternity and parental leave.

It is important therefore to note the broader international legal context prior to summarising the current provision of statutory paid maternity, paternity and parental leave in Australia. There are several key international conventions which contain provisions regarding paid maternity leave and maternal health. These are The United Nations Convention on the Rights of the Child; The United Nations Convention on the Elimination of Discrimination Against Women; ILO Convention 156, Workers with Family Responsibilities, 1981 (C156) and ILO Recommendation 165, Workers with Family Responsibilities, 1981 (R165); ILO Convention 183, Maternity Protection, 2000 (C183) and ILO Recommendation 191, Maternity Protection, 2000 (R191).

Article 7 of the United Nations Convention on the Rights of the Child provides that a child shall be registered immediately after birth and shall have the right from birth to a name, the right to acquire a nationality and, as far as possible, the right to know and be cared for by his or her parents.

Notably, the right to be ‘cared for’ by both parents is framed in terms of the child’s right, not the parents’. It implies a more active involvement in the child’s life than simply paying the other parent or the state money to support the child (see article 27[4]) but it is qualified by the words ‘as far as possible’.

There do not appear to be instances where this article has been invoked in relation to a child’s right to joint parental care in the first two years of life. Rather, this article is usually invoked in relation to a child’s right to remain in the care of either or both of their parents unless their parents are dead, have repudiated the child or state authorities have judged that parental care is not in the child’s best interests because the parents are abusive or neglectful.

Article 18 of the Convention on the Rights of the Child, however, is also relevant to the current research. It provides that:

1. States Parties shall use their best efforts to ensure recognition of the principle that both parents have common responsibilities for the upbringing and development of the child. Parents or, as the case may be, legal guardians, have the primary responsibility for the upbringing and development of the child. The best interests of the child will be their basic concern. (emphasis added)

2. For the purpose of guaranteeing and promoting the rights set forth in the present Convention, States Parties shall render appropriate assistance to parents and legal guardians
in the performance of their child-rearing responsibilities and shall ensure the development of institutions, facilities and services for the care of children.

3. States Parties shall take all appropriate measures to ensure that children of working parents have the right to benefit from child-care services and facilities for which they are eligible. (emphasis added)

Article 18 recognises the importance of both parents having common responsibilities for children, including undertaking the day-to-day care of their children (Hodgkin & Newell, 2002: 243).5

In human rights literature, article 18 is commonly invoked in relation to the rights of children to know and spend time with their non-custodial parent (if being brought up in single-parent families), and to appropriate maintenance, employment, tax and welfare measures to encourage both parents to be actively involved in child rearing. However, it is relevant to the current research in two respects.

First, paragraph 2 of article 18 does emphasise the state’s responsibility to provide appropriate assistance to parents. The article enjoins states to recognise their responsibility to assist all parents. The United Nations Committee on the Rights of the Child regards universal services and non-means-tested financial benefits as being a recognition by the state of its responsibility towards, and interest in, children:

… such services and benefits are an investment in the country’s future. In addition, universal provision is often the most effective form of prevention, in that families at risk are not deterred from receiving the provision because of the stigma attached, or because of ignorance, or because of complications in claiming it. (Hodgkin & Newell, 2002: 251)

Second, the Committee has dealt directly with the need to provide maternity and paternity leave and ‘family-sensitive’ working conditions that meet the needs of both children and working parents. The Committee commented on this issue to Australia:

The Committee is concerned that women working in the private sector are not systematically entitled to maternity leave, which could result in different treatment between children of State employees and those working in other sectors…. The Committee encourages the State Party to review its legislation and make paid maternity leave mandatory for employers in all sectors, in the light of the principle of the best interests of the child. (Australia IRCO, Add.79, paras. 17 and 31) (Hodgkin & Newell, 2002: 253)

Furthermore, Article 11.2(b) of the United Nations Convention on the Elimination of Discrimination Against Women provides:

In order to prevent discrimination against women on the grounds of marriage or maternity and to ensure their effective right to work, States Parties shall take appropriate measures:

5 Note, in this respect, that the Convention reflects article 5 of the Convention on the Elimination of All Forms of Discrimination against Women (1979), which acknowledges the need to equalize the common responsibilities between parents in bringing up their children.
(b) To introduce maternity leave with pay or with comparable social benefits….


A second significant international instrument that Australia has also ratified is ILO Convention 156, Workers with Family Responsibilities, 1981 (C156). However, this instrument does not make specific provision concerning maternity leave, paid or unpaid. Article 4 simply requires:

> With a view to creating effective equality of opportunity and treatment for men and women workers, all measures compatible with national conditions and possibilities shall be taken —

…

(b) to take account of their needs in terms and conditions of employment and in social security

Third, International Labour Organisation (ILO) Convention 183, Maternity Protection, 2000 (C183) and ILO Recommendation 191, Maternity Protection, 2000 (R191) (see <http://www.ilo.org>) requires states to provide access to maternity leave for all employed women (including those in ‘atypical forms of dependant work’ — article 2); a minimum of 14 weeks maternity leave, of which 6 weeks should be compulsory (article 4); the delivery and level of cash benefits (article 6); the burden of proof of non-discrimination to rest with the employer (article 8); and access to paid breastfeeding breaks (article 10). In the same convention, the ILO recommends that ‘members should endeavour to extend the period of maternity leave … to at least 18 weeks’ (ILO R191).

Significantly, Australia has not ratified ILO Convention 183.

2.2 Provision of paid maternity, paternity and parental leave in Australia

At present, sections 265 to 297 of the Workplace Relations Act 1996 (Cwlth) provide for unpaid ‘parental leave’: a period of 52 weeks available to be shared between a mother and her spouse at the birth or adoption of a child with a guarantee of employment protection.6 Within this 52-week period the mother may take leave six weeks before the birth of a child but must take six weeks ‘maternity leave’ immediately following the birth of her child (s. 273). The legislation also provides for ‘short paternity leave’ (one week at the time of the

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6 The entitlement to 52 weeks unpaid leave was first granted to all award employees in 1991 by the Australian Industrial Relations Commission and became enshrined in legislation in the Industrial Relations Reform Act 1993 (Cwlth). The provision was then inserted into the Workplace Relations Act 1996 (Cwlth) in s. 170KA and Schedule 14.
birth) which can be concurrent with the mothers six weeks leave. The remainder of the 52 weeks can be divided between the parents as the parents determine but can only be taken by one or other parent (the child’s nominated primary care provider). Unpaid parental leave is available to all permanent (full- or part-time) employees after 12 months continuous service with the one employer by the expected date of the birth of the child. Casual employees are also eligible provided they have been employed for a sequence of periods of employment during a period of at least 12 months and, but for the birth or adoption of a child, would have a reasonable expectation of continuing engagement.

The leave may be shared between parents and is not to be taken concurrently except one week at the birth of the child. Parental leave can be taken sequentially with other types of paid leave, such as annual leave or long service leave, or such paid maternity/parental leave as is available to the employee through their employment terms and conditions. However, the statutory unpaid parental leave entitlement is reduced by each period of paid leave used so that the maximum time available for parental leave is 52 weeks.

In Australia there is no general statutory entitlement to leave specifically for child care reasons (beyond the 52 weeks of the initial year of the child’s life) or career leave breaks, although all employees have access to a limited period of paid personal/carer’s leave (which includes sick leave) which may be taken because of a personal illness or to provide care or support to a member of the employee’s immediate family or household who is ill or injured, or in the case of an unexpected family emergency.

In contrast with the private sector, public service employees have disproportionate access to paid maternity leave via statutory provision (see Table 2.1). However, the entitlement does not spread evenly throughout the public service and teachers, nurses, firefighters and some state Board employees, for example, do not match public service employee entitlements in all states.

<table>
<thead>
<tr>
<th>Table 2.1 Public service paid maternity leave standards as at July 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weeks of paid Maternity leave</td>
</tr>
<tr>
<td>-------------------------------</td>
</tr>
<tr>
<td>12</td>
</tr>
</tbody>
</table>

**Government maternity or related payments**

In 2004 the federal government introduced a Maternity Payment of $3000 for children born after 30 June 2004, replacing the earlier Maternity Allowance and Baby Bonus. The

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7 Note that ‘special maternity leave’ may be taken in cases of pregnancy-related illness or miscarriage within 28 weeks of the expected date of delivery. Any leave taken for a pregnancy-related illness must be subtracted from the total entitlement to parental/maternity leave: s. 266 Workplace Relations Act 1996 (Cwlth).

8 Ss. 239–249 of the Workplace Relations Act 1996 (Cwlth). The rate is equivalent to one twenty-sixth of their nominal annual hours or 10 days p.a. for a regular employee.
$3000 was to be paid in a lump sum after the birth of a child (increased to $4000 on 1 July 2006 and to $5000 on 1 July 2008).

The Maternity Payment is paid irrespective of a mother’s employment status prior to the birth of the child. The July 2008 allowance of $5000 is equal to 9.5 weeks at the current Federal Minimum Wage (FMW). Alternatively, if spread evenly over a 14-week period it is equal to approximately 68 per cent of the Federal Minimum Wage as at June 2008.9

The former federal government also relaxed the income tests for both Family Tax Benefit (A) and Family Tax Benefit (B) by increasing the maximum and base rates of FTB (A) for each dependent child to $600 a year (available as a lump sum following the end of each financial year at the time that reconciliation of entitlement for the previous year occurs) and making all families receiving or eligible for FTB (A) also eligible to receive an immediate lump sum payment of $600 per child. Further, the government reduced the FTB (B) income test withdrawal rate for the second earner from 30 per cent to 20 per cent and increased the income test threshold from $1825 to $4000 a year (O’Neill, 2004b).

In the 2008 Federal Budget an incomes test of $150 000 was applied to both the Baby Bonus and the FTB (B) such that families with incomes at and above this level are no longer eligible to receive the government payments.

2.3 Employer provision of paid maternity, paternity and parental leave in Australia

Overview

There is considerable variation in the provision of paid maternity, paternity and parental leave in Australia across industries and sectors, with a clear distinction between public sector and private sector provision. Based on the evidence presented below, our cautious estimate is that just one-third of employed mothers-to-be currently have access to paid maternity leave. At best, 45 per cent of all female employees are entitled to paid maternity leave in Australia.10 The average duration of this leave is well below international benchmarks, at somewhere between 6 to 11 weeks. This means that more than half the female workforce has no paid maternity leave. A larger proportion of the male workforce has no paid paternity leave. For those who do, the average duration of aid paternity leave is 1 to 2 weeks.

In terms of employer provision, paid maternity leave of 14 weeks is now widespread in the public service but is less diffused in the private sector. While almost one-half of medium to large private sector organisations report that they provide paid maternity leave, data on availability in small business is scarce. Furthermore the duration of paid maternity leave in

9 The Australian Federal Minimum Wage (FMW) as at May 2008 was $13.74 per hour or $522.12 per week (38 hours). The next decision by the Australian Fair Pay Commission on the FMW is due July 2008, with implementation to be in October 2008. See <http://www.fairpay.gov.au>
10 See Baird and Litwin (2005), who also estimated that 60 per cent of working women did not have access to paid maternity leave.
the private sector varies considerably, but overall it is shorter, with approximately nine weeks being the average reported by the Equal Opportunity for Women in the Workplace Agency (EOWA) for the period 2006–07.

As there is no national, statutory entitlement to paid maternity, paternity or parental leave in Australia, employees rely on provision from their employers. This can be gained through legislative means (as is in much of the public service) or through enterprise bargaining or employer discretion. The presence of unions has a significant effect on the provision of paid maternity leave benefits in Australia (Baird & Litwin, 2005), a finding that is also paralleled in California and the UK (Milkman & Applebaum, 2004).

There are two main sources of information on employee access to availability of paid maternity and paternity leave — the Parental Leave in Australia Study (PLAS) and the Australian Bureau of Statistics.

1. The Parental Leave in Australian Study (Whitehouse et al., 2006) surveyed 3573 families as a nested study in the Longitudinal Study of Australian Children (LSAC). The survey specifically addressed questions of maternity and paternity leave and the post-leave work experience. The results show that of all mothers employed (including self-employed) in the 12 months before the birth (not necessarily full 12 months), 33.7% took some paid maternity leave. The survey also found that 37% of all female employees took paid maternity leave; 22.8% of all mothers with a birth between March 2003 and February 2004 took some paid maternity leave (this percentage is based on a total which includes mothers who were not employed before birth). The average duration was 11 weeks.

Of fathers, 24% took paid paternity leave, with an average duration of seven days.

2. The Australian Bureau of Statistics conducted the Pregnancy and Employment Transitions survey of mothers in 2005 and reported that paid maternity leave was used by 34% of employed mothers-to-be.

In 2007 the ABS released the data from the Forms of Employment survey and found that 45.5% of female employees were entitled to paid maternity leave in November 2007, down from 46.9% in November 2006. Of the population surveyed, 39.3% were not entitled and 15.3% did not know their entitlement to paid maternity leave. Of males, 39% reported they had paid paternity leave (ABS, 2007). Data on duration was not included.

Organisations

Whereas the above two sources estimate the proportion of mothers or employees with access to paid parental leave entitlements or used paid maternity or paternity leave, the EOWA data provides information on the number of medium to large organisations (100 or more employees) who provide for PML.\footnote{The EOWA (2006) requires private sector companies, community organisations, non-government schools, trade unions and group training organisations with 100 or more employees to provide an annual report on the equal opportunity programs within their workplace. Higher education institutions are also required to report.} Of the 1443 organisations (57% of reporting
organisations) who responded to the 2005 survey, 46% provided paid maternity leave.\footnote{The comparable figures for 2004, 2003 and 2002 were 41\%, 36\% and 23\% respectively.} For the period 2006–07, the EOWA reports that 48.9\% of organisations provide paid maternity leave. The average duration of that leave was 8.9 weeks (EOWA, 2006).

In relation to paid paternity leave, 32\% of EOWA reporting organisations provided this for an average duration of 8.7 days.

The data is summarised in Table 2.2.

**Table 2.2 Summary of data on provision of paid maternity leave in Australia**

<table>
<thead>
<tr>
<th>Source and date of data</th>
<th>Sample</th>
<th>Provision</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS Earnings, Benefits and Trade Union Membership; 2007</td>
<td>Employees</td>
<td>45% of females said they had access to paid maternity leave.</td>
<td>NA</td>
</tr>
<tr>
<td>The Parental Leave in Australian Study 2005</td>
<td>LSAC Families — (Mothers)</td>
<td>33.7% of all mothers employed (including self-employed) in the 12 months before the birth (not necessarily full 12 months) took some paid maternity leave.\footnote{18% mothers taking paid maternity leave take at a rate lower than their usual pay rate, mostly half pay for twice as long. This is why there are two different measure of length of paid maternity leave}</td>
<td>Mean: 11 weeks (in terms of weeks away from a job on paid maternity leave) Mean: 9.5 weeks (in terms of weeks of usual pay provided to mother as paid maternity leave)\footnote{The survey also found that 37% of all female employees took paid maternity leave; 22.8% of all mothers with a birth between March 2003 and February 2004 took some paid maternity leave (percentage based on total which includes mothers who were not employed before birth) and 46.1% of mothers who took some leave, took paid maternity leave.}</td>
</tr>
<tr>
<td>ABS Pregnancy and Employment Transitions; 2005</td>
<td>Mothers</td>
<td>34% of mothers-to-be used paid maternity leave</td>
<td>NA</td>
</tr>
<tr>
<td>EOWA 2006</td>
<td>Large organisations &gt;99 employees</td>
<td>49% provided paid maternity leave</td>
<td>8.9 weeks</td>
</tr>
<tr>
<td>Workplace Research Centre Data Base 2002–2007</td>
<td>3200 Enterprise Agreements; federal and state</td>
<td>23% include Paid maternity leave clause</td>
<td>14 weeks and 6 weeks</td>
</tr>
</tbody>
</table>

To the extent that paid maternity/paternity/parental leave is left to either company policy and employer discretion or enterprise bargaining, an analysis of provisions through these means is also useful to understanding the current mechanisms and patterns in the provision of paid maternity and paternity leave in Australia.

**Company policy**

To our knowledge, there is no data set of all company policies relating to paid maternity, paternity and parental leave. One estimate of employer provision (whether it is collectively bargained or introduced at the discretion of the company/management) is provided by the EOWA survey. The weakness of the EOWA data is that it is based on employers of 100 or more employees and therefore does not cover all employers.

By tracking media reports we have observed some changes over the past five years, which suggests that companies do sometimes respond to spikes in public debate and interest in paid maternity leave. Some recent examples show that change is possible; for example,
Aldi and Myer recently introduced paid maternity leave and Patrick Stevedores and MUA agreed on 12 weeks paid maternity leave in their enterprise agreement (*Workplace Express* 13 May 2008) However, such change is unreliable, contingent and leads to inequity across and within the labour market.

Companies often make a ‘business case’ argument, that is to assist with female employees’ attraction and retention. Good employer profile and image are also drivers (Charlesworth, 2007). Companies also sometimes, but not always, calculate the costs and benefits to the company (see <http://www.eowa.gov.au>). The second level of the PLAS undertook company case studies and found that there is a good deal of variability in both the company specific models of parental leave introduced and the reasons for the introduction of new policy.

Industry or sectoral trends have emerged in Australia. These tend to be related to the labour market skill shortages, profitability and institutional isomorphism — companies replicating competitors’ practices. Union bargaining can also be a mechanism for diffusion of policies. Once introduced by management in one company, the claim is included in the next round of bargaining agendas. This occurred, for example, in the autos sector (after Holden introduced 14 weeks paid maternity leave) and in tertiary educations (after the Catholic University introduced paid maternity leave).

The EOWA surveys show that the most common industries where paid maternity leave is provided were utilities and education. Enterprise agreement data (below) similarly shows that finance and insurance, utilities and education are the most likely industries to provide paid maternity leave, with the least common to be wholesale, retail, mining and accommodation, and cafes and restaurants.

**Enterprise bargaining**

From a sample of 3200 enterprise agreements\(^\text{13}\) registered between 2002 and 2006 and at federal and state levels the results show that just 23 per cent of EBAs make any reference to paid maternity leave.

- The most common entitlement is 14 weeks (178); 6 weeks (161) and 12 weeks (86).
- 75% are union agreements and 25% non-union agreements.
- Most common industries are finance and insurance (51%); utilities (40%); education (34%).
- Least common industries are wholesale (2.5%) retail (2.5%); mining (4%) accommodation, cafes, restaurants (4.5%).

In 2002, 10% of agreement made reference to paid maternity leave; 6 weeks was the most common (in 42% of agreements) followed by 12 weeks (in 22% of agreements) and only

\(^{13}\) Note, this is a preliminary analysis only of enterprise agreements in the Workplace Research Centre Data Base, University of Sydney, March 2008.
2.3% had 14 weeks (Baird, Brennan, & Cutcher, 2002). The overall conclusion is that while there are some signs of change, bargaining has not provided universal coverage. The growth in the number of EBAs that have a 14-week entitlement is a change from 2002 and arguably was a response to national campaigns and international benchmarks. The industry sectors where the provision of paid maternity leave is most likely are finance/insurance, utilities and education. While not yet tested, this pattern possibly shows an ‘isomorphic’ effect caused by labour market pressures, employer affordability and union strength. Some of the least common industries to have entitlement to paid maternity leave remain retail and cafes and restaurants, where there is a high proportion of women of relatively low skill and where the ‘business incentive’ or labour market pressure to deliver on paid maternity leave is not great. In short, the market does not provide even or full coverage of paid maternity leave.

**Awards**

The *Family Provisions Test Case* decision of the Australian Industrial Relations Commission in August 2005 (143 IR 245) also provided employees on federal awards with the right to request extensions to the statutory entitlements including:

- a period where both parents may take simultaneous unpaid parental leave up to a maximum of eight weeks (currently one week)
- a further continuous period of unpaid parental leave not exceeding 12 months (from the current 12 months) — i.e., a maximum of two years in total
- return to work from a period of parental leave on a part-time basis until the child reaches school age.

The extent of the benefit of these entitlements has been limited to date by the enactment of the 2005 amendments to the federal *Workplace Relations Act 1996* (WorkChoices) which did not adopt these extended entitlements and which proposed to strip back the award entitlements of federal employees. The effect of WorkChoices was to leave all but a core set of minimum entitlements to be negotiated directly between employers and employees at the workplace: most of the extended parental leave entitlements provided for in the AIRC’s decision were not given effect in the legislation — only the previously existing entitlements of 12 months unpaid parental leave and one week of simultaneous unpaid leave following the birth of the child were retained as universal entitlements as part of the Australian Fair Pay and Conditions Standard.\(^{14}\) While only an indicator of the award coverage, Williamson and Baird estimate that just 20 per cent of federal awards were amended to reflect the *Family Provisions Test Case* prior to 27 March 2007 when the WorkChoices amendments became operative (Williamson & Baird, 2007).

Although employees covered by award entitlements (approximately 20 per cent of all employees) at the time WorkChoices was enacted retained higher entitlements as enacted in their awards, WorkChoices also contained a mechanism for winding back the number of

\(^{14}\) Part 7, Divisions 2–6, *Workplace Relations Act 1996*. Other relevant AFPCSs include paid personal or carer’s leave of 10 days and 2 days unpaid carer’s leave.
award employees by moving them to individual or collective agreements in which these higher parental leave entitlements would need to be negotiated along with all others outside minimum standard entitlements.

Moreover, although some of the benefits of the Family Provision Test Case were passed on to employees under the state-based systems through the state-based award system, the WorkChoices amendments to the Workplace Relations Act also brought many employees previously covered by state awards into the federal jurisdiction by effectively abolishing the state-based industrial relations systems for all except government employees and those not in ‘incorporated’ businesses in those systems thus bringing an estimated 85 per cent of employees into the federal system.

**Current practices with regard to payment level**

As it is linked to employment — whether through company policy, enterprise bargaining or public sector statutes — payment level is equal to regular/normal pay prior to going on leave. There may be variations in how the pay is received — lump sum before leave; paid as regular wages for the time, at full pay or half pay for double the length, some paid before and the remainder on return to work. The latter is more common in the private sector and is tied to retention arguments and goals. Options to pay into superannuation exist too.

### 2.4 Recent industrial relations change: ‘Forward with Fairness’ and the National Employment Standards

Since the election of the Australian Labor Party to government in November 2007, the *Workplace Relations Act 1996* (Cwlth) has been amended again by the *Workplace Relations Amendment (Transition to Forward with Fairness) Act 2008* (Cwlth) in line with key election commitments. These amendments make a number of changes to the framework for workplace agreements, and enable the process of ‘award modernisation’ to commence. In sum the key provisions of the Act:

1. prevent the making of new Australian Workplace Agreements (AWAs)
2. create new Individual Transitional Employment Agreements (ITEAs) to be available only for limited use during the transitional period
3. put in place a new no-disadvantage test for future workplace agreements to provide better protection for employees
4. enable the Australian Industrial Relations Commission to undertake the process of modernising awards. (Retrieved May 2008 from http://www.workplace.gov.au)
These amendments deal with the extent to which modernised awards can incorporate terms relating to the proposed National Employment Standards (NES).15

The NES cover 10 minimum conditions of employment for all Australian employees, including, among other things, parental leave. The NES will apply from 1 January 2010 and will be guaranteed in legislation so that these entitlements cannot be excluded or modified in a way that undermines the safety net.16 It is intended that they will operate in conjunction with modernised awards. The NES can be replicated in ‘modernised awards’ only if the Australian Industrial Relations Commission deems this necessary but they may not be excluded.17

Two of the provisions of the NES bear directly upon family-related leave following the birth of a child. These are the right to request changes in working arrangements and the right to request an additional period of unpaid parental leave.

Section 13 of the NES establishes the right of an employee (with 12 months of continuous service with the employer immediately before making the request or 12 months regular and systematic engagement as a casual18) who is a parent of, or has caring responsibilities for, a child19 under school age, to request a change in working arrangements. The employee must make the request in writing, and the employer must respond to the request, in writing, within 21 days and can only refuse the request on ‘reasonable business grounds’. If the employer refuses the request, the employer must give written reasons for the refusal. The employer has to provide reasons for its refusal but its decision is not appealable. Furthermore, the NES does not define ‘reasonable business grounds’. The Federal Government’s discussion paper on the NES (National Employment Standards Exposure Draft, 2008) indicates that this term will be given its ordinary meaning and that Fair Work Australia will provide general information and assistance to employers on the meaning of this term in due course. The underpinning philosophy of this standard appears to be that these matters should be resolved at the workplace level, meaning that the employee and the employer should discuss their respective family needs and business requirements and reach a mutually suitable arrangement with respect to the employees working hours.

The proposed right to request flexible working arrangements was the subject of much criticism in many of the public-written submissions in response to the National Employment Standards Exposure Draft, particularly in regard to the lack of appeal.

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16 At the time of publication, the NES were yet to be legislated as amendments to the Workplace Relations Act 1996 (Cwlth).


18 Provided the casual employee also has a reasonable expectation of continuing engagement by the employer on a regular and systematic basis.

19 ‘Child’ is defined in s. 5.
mechanism if a request is refused. It is noteworthy that the final NES did not include such an appeal mechanism.

Division 4, section 22 of the NES provides a right for an employee to request an additional 12 months of unpaid parental leave. The intention of this section appears to be to provide 12 months unpaid parental leave for each parent in respect of the birth or adoption of a child. Alternatively, where a family prefers one parent to take a longer period of leave, that parent has a right to request up to 12 months unpaid additional leave. The request must be in writing, and must be given to the employer at least 4 weeks before the end of the initial 12 months of unpaid parental leave. The employer must agree to the requested extension, unless the employer has reasonable business grounds for refusing. There is no equivalent requirement, if the employer refuses the request, that the refusal must be in writing or include the reasons for the refusal. The employee does not have a right of appeal.

Section 18(5) permits parents to take up to three weeks parental leave concurrently on the birth or adoption of a child. Generally, this concurrent leave must be taken in the first three weeks following the birth of the child. However, it can be taken up to six weeks following the birth of the child if the employer agrees. Other than this, parents cannot take leave concurrently. Any leave taken concurrently must be deducted from each parent’s 52-week individual entitlement.

Section 29 of the NES entitles the parent utilising the parental leave to return to the employment position they held prior to commencing leave (or if the position no longer exists, such position as is comparable in status and pay with the former position). Under the current proposal, the employer is not obliged to provide reasons for any refusal of this request.

2.5 Maternity leave policy models previously considered for Australia

For some time, the need for Australia to adopt paid maternity leave has been officially in the arena of public debate. In the recent past it surfaced in 1999 when the HREOC report, *Pregnant and Productive: It’s a Right not a Privilege to Work While Pregnant*, recommended that HREOC and the Department of Employment and Workplace Relations review funding options for paid maternity leave and the ACTU included paid maternity leave in its policy for the 2001 federal election.

The Australian Democrats first developed a paid maternity leave proposal for the 2001 election and tabled the *Workplace Relations Amendment (Paid Maternity Leave) Bill* in May 2002. The Bill proposed the amendment of the *Workplace Relations Act 1996* to provide for a government-funded basic Maternity Payment and paid maternity leave. The amendments provide for:

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1. paid maternity leave for 14 weeks at or around the birth or adoption of a child at the level of the minimum wage, or, at their normal wage if they earn less than the minimum wage

2. payment by means of government funds complemented by the contribution of employers (through ‘top up’ and additional payments or periods of leave) and employees (through foregone earnings and the extra unpaid leave that many take). The payment was to be regarded as normal wage and salary income for recipients so as to fall within existing tax, superannuation and other relevant laws and to preserve the employment continuity of beneficiaries.

Eligible employees were those with continuous employment of at least 12 months in their current jobs including casual and part-time employees but excluding seasonal employees and those employed by Commonwealth, state or territory governments (which provide paid leave at an equivalent or higher level).

The payment that was advocated was not intended to replace, reduce or affect any other entitlement that employees had under the terms of other laws, agreements, or awards and built upon the existing provisions in the Workplace Relations Act 1996 for unpaid maternity and paternity leave.

The maternity payment was distinguished from parental leave, to which both parents have access, on the basis that maternity leave attaches to mothers in recognition of the physical demands of the later states of pregnancy, birth, recovery from birth and establishment, where possible, of breastfeeding (and is not intended to be transferable between an employee and their spouse except in exceptional circumstances).

The Bill was then referred to a Senate Employment, Workplace Relations and Education Committee inquiry to

examine the provisions of the bill in relation to paid maternity leave, its length, level of payment, eligibility, coverage and exclusions, administrative arrangements, effect on women workers and their families, effect on employers and workplaces, effect on government (including financial impact), effect on government employees, relationship with international conventions and standards, and effects upon equal employment opportunity in the workplace. (Workplace Relations Amendment (Paid Maternity Leave) Bill, September 2002 <http://www.aph.gov.au>)

HREOC, the Australian Democrats and the ACTU supported the Bill and all proposed some form of payment generally for 14 weeks (in accordance with ILO Convention 183). The joint submission by the Department of the Prime Minister and Cabinet, the Department of Employment and Workplace Relations and the Department of Family and Community Services canvassed potential maternity leave funding mechanisms such as Workplace Agreements, Company Policy, Legislation, and Awards.

Key features of the report in relation to models already canvassed include:

1. the discussion regarding eligibility and qualifying periods:
This wider issue of eligibility contained four distinct concerns:
• what the qualifying period should be, and whether there should be a qualifying period at all;
• whether mothers outside the paid workforce should be included in the scheme;
• whether the bill fails to provide sufficient support for women employed in state governments; and
• whether the leave should be available only to mothers, or to either parent. (Workplace Relations Amendment (Paid Maternity Leave) Bill, September 2002, p. 19 <http://www.aph.gov.au>)

2. regarding the possible levels of, and cost of, payments under a paid maternity leave scheme:
A wide range of views were expressed to the committee regarding the appropriate level of payment under a paid maternity leave scheme. The four most commonly supported levels are as follows:

• Minimum Wage: The bill provides for women to be paid at the minimum wage rate, currently $431.40 per week. This suggestion represents a safety net approach, and is the most economical option.
• Average Wage: According to the ABS full time adult ordinary earnings in May 2002 were $868.50 per week. This is approximately double the cost of the minimum wage model.
• Average Female Wage: According to the ABS full time adult female ordinary earnings in May 2002 were $778.30 per week. This is slightly less than the average wage model, but this model may penalise women because female average earnings are less than those of men.
• Full Wage Replacement: Depending on whether women taking paid maternity leave earn a similar average wage to that of all women, this option is likely to cost a similar amount to a scheme based on the average female wage. However, the distribution would be rather different, resulting in higher payments to women with higher base incomes, and lower payments to women with lower incomes. (Workplace Relations Amendment (Paid Maternity Leave) Bill, September 2002, p. 20 <http://www.aph.gov.au>)

The Australian Greens did not support the Workplace Relations Amendment (Paid Maternity Leave) Bill 2002 because of what it believed were a number of shortcomings. In its report forming part of the report of the Senate Employment and Workplace Relations and Education Committee inquiry into the bill, the Australian Greens did not proffer recommendations. Rather it dealt with these perceived shortcomings arguing that, any period of paid maternity leave should be for at least 18 to 26 weeks with payments capped at the average weekly wage and substantially funded by the government. The Australian Greens thought it preferable that paid leave should be available for both parents, who should be able to choose how to share it, that is the emphasis on any future scheme should be on ‘parental leave’ not ‘maternity leave’. Eligibility should not be restricted to employees with 12 months continuous employment but should be relaxed to capture those employees who had worked for a lesser period. The Australian Greens supported proposals

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to extend unpaid leave beyond 52 weeks and also argued for the right to return to part-time work. By 2007, the Australian Greens had finessed these arguments into a proposed scheme for 18 weeks government-funded paid parental leave with an option for a further 34 weeks of unpaid leave plus a right to return to work on a part-time basis once the leave is over (NSW Greens, 2007).

A comprehensive consideration of potential maternity, paternity and parental leave policy models for Australia was undertaken by HREOC in its 2002 report *Valuing Parenthood: Options for Paid Maternity Leave, Interim Paper 2002* (HREOC 2002b, n. 42). In this report, the then Sex Discrimination Commissioner, Pru Goward presented five options for extending paid maternity leave in April 2002. The model which HREOC ultimately proposed was in accordance with minimum international standards and drew heavily on systems used in New Zealand and the United Kingdom (prior to reform) as these were regarded as comparable countries. In essence HREOC recommended a federally funded fortnightly payment from general revenue up to Federal Minimum Wage (in the order of $430 per week) for 14 weeks payable to all working women, inclusive of casual, part-time and self-employed who have worked 40 weeks of the past 52 weeks with any number of employers and/or in any number of positions.

The essential philosophical elements of this proposed system included that the level of payment is at an adequate level to be comparable to market earnings; that the duration of the paid leave is sufficient to promote women’s and babies’ health and wellbeing; that financial pressure does not mean that women are required to return to work in the early weeks following birth if they and their babies are not ready and that the system recognises the disadvantage that women experience in the workforce as a result of maternity.

Independent analysis of the proposed scheme showed the net cost to be an estimated $213 million per year (HREOC, 2002b: n. 23).

**Summary of HREOC’s preferred model for a national paid maternity leave scheme**

1. *Funding* — national paid maternity leave scheme to be funded by the federal government.
2-4. *Coverage* — paid maternity leave is to be available only to women in paid work and is to be provided to women at the time of the birth of a child and to the primary carer of an adopted child irrespective of the age of the child.
5. *Eligibility* — paid maternity leave to be available to all women (i.e., not means tested) who have been in paid work (including casual employment, contract work and self-employment) for 40 weeks of the past 52 weeks with any number of employers and/or in any number of positions.
6. *Duration* — paid maternity leave to provide for up to 14 weeks of paid leave to be taken immediately prior to and/or following the birth of a child as a continuous block.

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22 The exceptions to this, where payment can be made to a woman’s partner, will include: where the mother has died; where the mother is not medically able to care for the child (based on a doctor’s opinion).

23 A woman may elect to take less than the full 14 weeks of paid maternity leave, but will only receive payment in the weeks taken as maternity leave.
7. **Payment Level** — government funded paid maternity leave to be paid at whichever is the lesser amount of the Federal Minimum Wage or the woman’s previous weekly earnings from all jobs.

8. **Payment mechanism** — to be paid as a fortnightly payment to the individual during the period of leave, administered by the federal government and available either as a fortnightly direct payment from government to the individual; or a payment from the employer to the individual with the employer reimbursed by government.

9-11. **Role of employers** — employers encouraged to continue existing provisions for paid maternity leave and women, including public servants, will not be excluded from any government-funded national scheme on the basis of receiving employer-provided paid maternity leave. Employer top-ups to a government-funded paid maternity leave to be negotiated through standard bargaining mechanisms and employers may take on the administration of paid maternity leave payments on behalf of the government.

12. **Interaction with the industrial relations system** — current industrial arrangements in relation to maternity leave to continue.

13. **Interaction with existing social security and taxation structures** — women receiving paid maternity leave will not be eligible for the Maternity Allowance, the first 14 weeks of Family Tax Benefit Part A and Family Tax Benefit Part B, and the first 12 months of payment of the Baby Bonus. The maternity leave payment will be taxable. Individuals will have the option of taking other available social security payments where this would result in higher payments.

In December 2006 the Parliamentary Standing Committee on Family and Human Services (2006) reported on its inquiry into balancing work and family life. The Inquiry considered the financial, career and social disincentives to starting families; ways of making it easier for parents who so wish to return to the paid workforce; and the impact of taxation and other matters on families in the choices they make in balancing work and family life. The Inquiry report addressed the paid maternity leave debate in Chapter Five, entitled ‘Returning to Paid Work’. However, the authors of the report did not make recommendations in relation to the introduction (or otherwise) of a statutory entitlement to paid maternity leave. Instead the report noted the Business Council of Australia’s submission that there has been a strong focus on paid maternity leave when other family-friendly arrangements could be used to help families. If instilled, such policies could make paid maternity leave less important to mothers. The report noted that the paid maternity debate may have had a higher ranking on the policy agenda because data is more readily available compared with data on workplace family friendly arrangements (which involves expensive workplace surveys).

Finally, in 2007 HREOC’s Sex Discrimination Commissioner reported on its inquiry, *It’s About Time: Women, Men, Work and Family*, which examined how gender roles in the area of unpaid caring work impact on the ability of men and women to participate in paid work. The recommendations relating to potential parental leave policy models for Australia
included the introduction of a government-funded scheme providing 14 weeks paid maternity leave, paid at the level of the minimum wage; consideration of a more comprehensive scheme of paid parental leave including a minimum of two weeks paid paternity leave, and the phased introduction of an additional 38 weeks paid parental leave available to either parent.

Alternative model/funding options

During the discussion of possible parental leave models for Australia, two other main funding options have been proposed:

1. Income Contingent Loan scheme (as per Higher Education Contribution Scheme)

This option, put forward initially during the HREOC review in 2002 by Bruce Chapman (author of HECS), involves an income contingent loan, with the government distributing financial assistance in the period of leave, but with parents repaying some or all of this if and when future incomes exceed a certain level (The Australia Institute, 2002). The purported twin benefits of this model were that it requires input from the beneficiaries of the scheme (the government, the family and the employer) and that it enabled families to access additional funds at a period where they were facing increased expenses and had lower earnings and then repay them at a later period when earnings were higher. We note that at the time the National Pay Equity Coalition opposed this proposal on the basis that it privatised the cost of child rearing rather than conceiving it as a broader social investment. The latest version of the scheme put forward by Bruce Chapman, and colleagues assumes government funding for the first 14 weeks and the loan available for any additional period of parental leave. One result of the implementation of such a scheme would be further levels of private debt — in addition to education costs — which could thus be seen as a disincentive to have children.

2. A levy on employees and employers — Julia Perry model

Under this model, a levy is imposed on wages and salaries, distributed across the whole workforce deducted before tax but taxable when paid to the woman. All wages and salaries are levied half a per cent, before tax, collected along with PAYE tax and all employers are levied half a per cent of payroll. The contributions by both employer and employees are collected along with tax and placed in a nominal fund. Women taking maternity leave are then paid six months full replacement payout of the pooled funds and employers are paid seven weeks equivalent pay to defray the cost of a temporary replacement.

3. Army reserve method of funding and payment model

Subject to eligibility criteria, the Commonwealth government pays employers who release employees for army reserve activities an Employer Support Payment (ESP) at the Average Weekly full-time adult Ordinary Time Earnings (AWOTE) for each week of continuous Defence service, or a pro rata portion of the AWOTE for partially completed weeks of continuous Defence service. The ESP is paid at a set weekly rate regardless of the
employee’s salary based on a figure set for 12 months beginning on 1 July each year. The AWOTE for Employer Support Payments (ESPs) for the Financial Year 2007/08, relating to periods of continuous Defence service on or after 1 July 07 (after entitlement is established including the qualifying period of two weeks), is $1070.40 (see <http://defencereserves.deadline.net.au>).
Part 3 Typologies and International context: Analysis of other country models

Overview

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.

The types of leave available in other countries have varying nomenclatures and the distinction between the various leaves is not always clear. Moss and Wall’s (2007: n. 60) International Review of Leave Policies and Related Research notes that although there is a widespread movement internationally towards enhanced leave entitlements, the movement reveals ‘very divergent national approaches being taken: for example, lengthening maternity leave in contrast to specific measures to increase fathers’ participation; or increasing benefit payments funded through taxation or social security contributions in contrast to moving towards parents funding their own leave via individualised savings schemes’.

Below we first consider the conceptual typologies used to identify and categorise leave models, and then move on to the country descriptions, funding arrangements and comparisons.

3.1 Typologies of ‘leave policy models’

It is conceptually helpful to conceive of models when undertaking comparative research in order to enable analysis across different countries or systems. However, the usefulness of models, in relation to the comparative analysis of paid maternity, paternity and parental leave is limited by: (1) the wide inter-group variations in the key models; (2) the disparate data collected or provided by individual countries which can result in a lack of fit between the model characteristics and the empirical data being evaluated; and (3) the pace at which reform occurs within countries (thus skewing model groupings).

With regard to conceptualising the paid maternity, paternity and parental leave systems, three key classifications emerge:

1. Esping-Andersen’s typology of welfare regimes.
2. Wall’s typology regarding duration and the philosophical underpinning of the models.
1. Esping-Andersen’s typology of welfare regime

In the 1990s Esping-Andersen (1990) identified three different types of social policy and welfare systems by comparison of their level of decommodification of social welfare goods. These classifications are summarised below.

1. The liberal approach to social policy and welfare

The liberal approach is characterised by the philosophy of the maximisation of the free market with little to no state or government intervention except to maintain the free market. It assumes that all individuals are capable of market participation and because the necessary win/lose structure of the free market means that individual wealth will extend along a continuum, from the very wealthy to those in poverty, this stratification is, in fact, a necessary by-product of the market (Esping-Andersen, 1990: 35–38, 62).

Although Esping-Andersen characterised the United States, Canada and Australia as adhering to this liberal approach in the 1990s, he acknowledged that they were not pure systems because each country had policies of providing minimal welfare assistance, such as means-tested welfare payments, or unemployment reduction policies, such as welfare to work programs (philosophically aimed at workers gaining entry back into the market).

Typically, in relation to paid maternity, paternity and parental leave, the liberal approach would not provide state funding and rather would leave employees and employers to negotiate (which is predominantly the focus in the USA and Australia; although the degree to which these issues have been included in bargaining agendas varies from the very limited in the USA to more widespread in recent times in Australia).

A moderated version of Esping-Andersen’s liberal model predominates in the USA, the UK, Ireland, Canada, Australia and New Zealand where there is broad provision of minimum wage, medical and state welfare standards or programs but individuals are expected and encouraged to pursue employment, private insurance and wealth individualistically.

2. The Conservative approach to social policy and welfare

The conservative approach is characterised by societal stratification along class lines and the maintenance of a hierarchical society which effectively decommodifies labour only minimally. Esping-Andersen identified the following three ways that conservative theory addressed commodification:

Firstly, the patronage and clientelism of feudal societies has transferred to the corporate world. Thus, an extension of the notion of communal relief based traditionally around the landowner transcends to the modern world albeit in the updated guise of the state. Secondly, corporatist welfare originates with the Catholic Church based upon the notion of protection and relief as a reward for loyalty to the church. Finally, conservatism originated with the
notion of paternal-authoritarianism which sees the obligation of the ruling class to provide for its subjects, but unlike other theories opposes individualism and stresses protection of society as a whole. (Esping-Andersen, 1990: 38–41)

In the conservative approach, then, the state intervenes with welfare only so far as is necessary to uphold the existing stratification of society or maintaining the hierarchical/patriarchal structure and social security is essentially financed by contributions that are added to wage costs.

Conservative welfare states differ, according to Esping-Andersen, from liberal states by the fact that the government will intervene to protect those who are unable to succeed in the marketplace through no fault of their own.

The conservative model dominates Continental Europe and is most prominent in Germany, Belgium and Netherlands (though recently Germany is moving more in the direction of the Social Democratic model and the Netherlands is moving more towards the liberal model) (see Collignon, 2007).

3. The Social Democratic approach to social policy and welfare

The social democratic approach to welfare and social policy is characterised by the state’s aim to achieve full employment, the use of welfare to diminish social division and to socialise the costs of familyhood (Esping-Andersen, 1990:26) and the promotion of equality by the provision of a societal minimum standard of a living safety net (predominantly through high personal taxation levels). The Scandinavian countries clearly evidence this social democratic approach.

Utility of model

Esping-Andersen’s model continues to be used to broadly identify social welfare models, especially in Europe (Collignon, 2007), but there are numerous critiques of the typology.

More generally, critics of Esping-Andersen have argued both that the focus is on distinctions relating to class at the expense of other forms of social differentiation and inequality such as gender and race and that more models are needed to cover the Antipodes, Mediterranean countries and Japan. For example, in relation to Australia, Castles and Mitchell (1993), and Castles (1996) alone, argued in favour of a fourth, Australian/New Zealand or Antipodean, welfare regime, namely the ‘wage-earners’ welfare state’. They argued that one had to go beneath the apparent liberal welfare models and consider criteria such as the needs sensitivity, eligibility ceilings and inclusiveness of benefits (Castles, 1996: 109) and look also at ‘functionally equivalent welfare guarantees’ that are ‘implanted in the labour market via the wage arbitration system’ which essentially emphasises egalitarianism and wage-earner rights. Esping-Andersen (1999) argued, and Castles conceded, that the liberalisation of the market in Australia and New Zealand has effectively dismantled this model.
Although Esping-Andersen’s model is generally helpful when considering the broad philosophical orientation of systems of state intervention and may therefore explain varieties in paid maternity, paternity and parental leave systems, its limitations as a tool for critical analysis of inter-category identifiers, of inter-category system components and of groupings of social policy include:

- differences between policy formation and underlying values and principles and policy outcomes
- the micro variations within paid maternity, paternity and parental leave systems intra each category (e.g., benefits received, contribution levels, and numbers actually receiving benefits)
- the overall macro welfare variations and distinctive differences in social policy within systems in each category
- the pace at which countries amend components of systems.

2. Wall

In ‘Leave policy models and the articulation of work and family in Europe: A comparative perspective’ (2007) Karin Wall’s focus is explicitly on parental leave to provide a typology of major cross-national variations in parental leave policy and practice in Europe. Wall further analyses their interconnections with parental employment, early childhood education and care (ECEC) services, and policies linking work, family and gender.

Her analysis is located at the intersection of what she regards as three most significant dimensions underpinning the social construction of work and family: expectations and practices concerning the division of paid and unpaid work; the social construction of motherhood; and the cultural construction of the relationship between working parents and the Welfare State. In her proposed model she codifies the different state- and insurance-funded paid maternity leave models by taking into account both duration and the philosophical underpinning of the models as follows:

1. **The ‘one year leave’ gender equality oriented model** (e.g., Sweden, Iceland, Denmark, Slovenia). A subset of this model is the ‘daddy’ or ‘papa’ leave model where leave is allocated to the father on a take it or leave it basis (e.g., Iceland, Sweden)

   This model features between 9 and 13 months of paid leave at a full or very high earnings replacement level. An initial period of short Paid Maternity Leave is followed by long Paid Parental Leave for either parent and the provision of excellent ECEC services. Accordingly, it erodes the male-breadwinner model.

2. **The parental choice oriented policy model** (e.g., Finland, Belgium, France, Norway)

   In this model, parents have the option of taking long (2 to 3 years) low paid parental leave after 3 to 12 months of well-paid maternity leave within the context of highly available ECEC services. Gender equity is a goal of this model with Finland, for example, entitling men to 12 days bonus paid paternity leave if the father takes two weeks paid paternity leave and Norway providing fathers with six weeks of non-transferable paid leave.
3. The ‘long leave’ mother home-centred policy model (e.g., Czech Republic, Estonia, Hungary)

This model is characterised by its low gender equity outcomes with the provision of long, fairly lowly paid leave and low level ECEC support which encourages maternal home care until the child is three.

4. The short-leave part-time mother policy model (e.g., Netherlands, Ireland prior to reform in March 2007, and the UK prior to reform in October 2006)

This ‘one and a half earner’ model is characterised by its short non-transferable high Paid Maternity Leave for one to four months followed by additional unpaid or low paid maternity leave for up to a year and accompanied by short, low paid, parental leave. Gender equality is not a policy driver in this model with paternity leave being paid at a flat low rate, or for a very short period as in the Netherlands, or not at all.

5. The short-leave male-breadwinner model (e.g., Greece, Italy, Spain)

This model conforms to the male-breadwinner/female-home-carer pattern with maternity leave either very short (4 months) and highly paid; very short or non-existent paternity leave and an individual entitlement of 3 to 6 months of low (in Italy) or unpaid (in Greece and Spain) parental leave. Additionally these countries do not provide strong support for dual earner parents through the provision of ECEC services.

6. The early return to full-time work gender equality model (e.g., Portugal)

This model is characterised by a short period of highly compensated maternity leave (with the first 6 weeks required to be taken by the mother and the balance being gender flexible) and compulsory 5 days paternity leave coupled with 2 weeks highly compensated ‘daddy’ parental leave. In addition, ECEC services are highly subsidised.

Utility of model

While the categories identified by Wall remain pertinent, the scope and breadth of the schema/typology is limited. In terms of scope, the model is limited to Europe. It is not clear, when considering New Zealand’s or Canada’s complete system of paid parental leave, for example, which of Wall’s categories either of them would fall into. Regarding breadth, although the table is useful for classifying European countries according to duration of paid leave provided, variations in the amount of payment and percentage of the payment as a replacement rate may be more relevant in terms of redressing social and gender inequality caused by work detachment due to childbirth and child rearing. There are also broad variations between the source of funding of the respective schemes within the same categories (see section 3.2). Finally, the countries which fall into the identified

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Note that recent changes to leave in Germany now enable 2 years of parental leave at 33% of prior earnings or one year of parental leave at 67% of prior earnings with a maximum of €1800. Wall (2007) notes that Germany now represents a compromise between the well paid one year leave system and the former unpaid mother-centred leave system.
categories shift regularly as countries introduce policy reform (e.g., Germany, Ireland and the UK).

The relative and overall utility of typologies is revealed in Table 3.1 which overlays Esping-Andersen’s and Wall’s models:

Table 3.1 Overlay of Esping-Andersen’s and Wall’s models

<table>
<thead>
<tr>
<th>Country</th>
<th>Esping-Andersen</th>
<th>Wall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>Social democratic</td>
<td>parental-choice oriented policy model</td>
</tr>
<tr>
<td>Denmark</td>
<td>Social democratic</td>
<td>one year leave gender equality oriented model</td>
</tr>
<tr>
<td>Norway</td>
<td>Social democratic</td>
<td>parental-choice oriented policy model</td>
</tr>
<tr>
<td>Iceland</td>
<td>Social democratic</td>
<td>one year leave gender equality oriented model</td>
</tr>
<tr>
<td>Sweden</td>
<td>Social democratic</td>
<td>one year leave gender equality oriented model</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Social democratic</td>
<td>one year leave gender equality oriented model</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Conservative/ liberal</td>
<td>short-leave part-time mother policy model</td>
</tr>
<tr>
<td>Germany</td>
<td>Conservative/social democratic</td>
<td>long-leave mother home-centred policy model (though arguably recent reforms make this a compromise with a parental-choice oriented policy model).</td>
</tr>
<tr>
<td>France</td>
<td>Conservative/social democratic</td>
<td>parental-choice oriented policy model</td>
</tr>
<tr>
<td>Greece</td>
<td>Conservative</td>
<td>short-leave male breadwinner model</td>
</tr>
<tr>
<td>Spain</td>
<td>Conservative-reforms 2007–08</td>
<td>short-leave male breadwinner model</td>
</tr>
<tr>
<td>Czech Rep</td>
<td>Conservative</td>
<td>long-leave mother home-centred policy model</td>
</tr>
<tr>
<td>Estonia</td>
<td>Conservative</td>
<td>long-leave mother home-centred policy model</td>
</tr>
<tr>
<td>Hungary</td>
<td>Conservative</td>
<td>long-leave mother home-centred policy model</td>
</tr>
<tr>
<td>Portugal</td>
<td>Liberal?</td>
<td>early return to full-time work leave policy model</td>
</tr>
<tr>
<td>UK</td>
<td>Liberal: reforms 2007–09 social democratic</td>
<td>reformed — previously typified as short leave</td>
</tr>
<tr>
<td>Ireland</td>
<td>Liberal</td>
<td>reformed — previously typified as short leave</td>
</tr>
<tr>
<td>NZ</td>
<td>Liberal</td>
<td>not considered</td>
</tr>
<tr>
<td>Canada</td>
<td>Liberal: reforms 2001 — social democratic</td>
<td>not considered</td>
</tr>
</tbody>
</table>

When these two models are considered together, what emerges is similar types of models within the social-democratic oriented countries but broadly different policies in the conservative and liberal countries.

1. Social democratic (either parental-choice oriented policy model or one-year leave gender equality oriented model); or
2. Conservative (short-leave part-time mother policy model, choice model: early return to full-time work or long-leave parent at home, parental-choice oriented policy model, long-leave mother home-centred policy model or short-leave male-breadwinner model); or
3. Liberal (covering the disparate systems in the UK, New Zealand and Canada).
3. Baird

Baird (2004) analyses why a paid maternity leave scheme has not been introduced as yet into Australia and why the concept remains socially, politically and industrially contested. She suggests that the explanation for this confusion and contestation may be understood in terms of the various orientations to paid maternity leave in current Australian debates. These orientations are classified as welfare orientation, bargaining orientation and business orientation. Each of these is characterised by a different underlying philosophy to women’s roles as mothers and workers, and is accompanied by a distinctive discourse and mechanism resulting in particular outcomes (summarised in Table 3.2). Baird argues that these disparate orientations hinder the introduction of universal access to paid maternity leave for Australian working women and argues that a new policy orientation based on ‘social feminism’ and a ‘new equity’ which recognises equality and difference and places the rights and needs of working women at its core is necessary and preferable in order to constructively progress policy development.

<table>
<thead>
<tr>
<th>Dominant Discourse</th>
<th>Welfare Orientation</th>
<th>Bargaining Orientation</th>
<th>Business Orientation</th>
<th>New Equity Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domesticity, mothering, family, fertility</td>
<td>Domesticity, mothering, family, fertility</td>
<td>Employment entitlement, industrial right</td>
<td>Business case, competitive advantage</td>
<td>Social and gender justice, equality, fairness</td>
</tr>
<tr>
<td>Principal Agency</td>
<td>Paternalist government</td>
<td>Unions, industrial tribunals</td>
<td>HR manager, ‘best practice’ employers</td>
<td>Progressive government; alliance of business; unions and women’s groups</td>
</tr>
<tr>
<td>Primary Mechanism</td>
<td>Welfare legislation</td>
<td>Collective Bargaining</td>
<td>Managerial prerogative</td>
<td>Equity or industrial legislation</td>
</tr>
<tr>
<td>Expected Outcomes</td>
<td>Partial coverage; minimum/flat payment; women remain economically dependent on others.</td>
<td>Partial coverage; income replacement, contingent on bargaining power; variable provisions</td>
<td>Partial coverage; income replacement, contingent on perceived employee value; variable provisions</td>
<td>Universal coverage for working women; income replacement; economic and job security for women</td>
</tr>
</tbody>
</table>

Esping-Andersen’s and Wall’s models enable international comparisons and while they highlight the variability now emerging in other country models, the comparisons also demonstrate that Australia has followed a very different and almost unique path to the provision of parental leave benefits.25 Without a social insurance system in the form of most other countries, as Baird’s model shows, Australia has instead followed at various times, welfare, bargaining and business orientations. At present a combination of all three
is evident. In order to ensure all women have access to paid maternity leave, however, a
new orientation that recognises women’s dual labour market and family formation roles
and that prioritises economic security, equity and fairness for working women is required.

3.2 Source of funding of international systems of paid maternity, paternity and
parental leave

Overview

Reference to HREOC, EOWA, OECD and US Office of Policy documents, identifies three
discrete categories of sources of funding: social insurance, employer and state funding (or
combinations of these).26 The identification of funding sources becomes very confusing
because of a lack of clear articulation of what constitutes social insurance (SI), as opposed
to state funding. Below, this paper outlines the different meanings assigned to these terms
by HREOC, EOWA, the OECD and the US Social Security Administration Office of
Policy (‘US Office of Policy’) because their reports are the most recent and frequently
cited.

(a) HREOC (2002b) Categories

Social insurance (SI) — state-run schemes where employed and self-employed people pay
contributions from their earnings into a social insurance fund. Employers and the state also
contribute to the social insurance fund and members may claim from the pooled fund if
various contingencies occur such as sickness and unemployment.
Illustrations: Canada, France, Italy, Japan, the Netherlands, Taiwan, the UK, Vietnam,
Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hungary,
Iceland, Ireland, Italy, Japan, Luxemburg, Mexico, the Netherlands, New Zealand,
Norway, Poland, Portugal, Spain, Sweden, Turkey.

Employer funded — employers are required to pay for maternity leave.
Illustrations: China, Korea, Malaysia, Indonesia, Hong Kong and Saudi Arabia.

Combination of employer and social security — combination of mandated employer and
social-security funded maternity leave but distinguishable from social insurance models
because they involve separate payments by the employer and government rather than a
single payment from pooled funds.
Illustrations: Switzerland and Germany, India, Singapore and Thailand.

(b) EOWA Categories

26 Note that, in relation to social insurance and state funding, collective agreements or individual worker
contracts may require an employer to supplement a woman’s wage while she is on maternity leave—such
supplements are not included in the identified sources of funding.
The EOWA provides an international comparison of maternity leave and classifies funding sources (‘Who pays’) as either ‘employer’, ‘insurance’, or ‘social security’ in the following table:

<table>
<thead>
<tr>
<th>Country</th>
<th>Length of Leave</th>
<th>% Wages/Earnings</th>
<th>Who Pays?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1 year</td>
<td>Small percentage of employers voluntarily provide paid benefit, usually for 6-8 weeks</td>
<td></td>
</tr>
<tr>
<td>Angola</td>
<td>90 days</td>
<td>100</td>
<td>Employer</td>
</tr>
<tr>
<td>Cambodia</td>
<td>90 days</td>
<td>50</td>
<td>Employer</td>
</tr>
<tr>
<td>Canada</td>
<td>17-18 weeks</td>
<td>55 for 15 weeks</td>
<td>Insurance</td>
</tr>
<tr>
<td>China</td>
<td>90 days</td>
<td>100</td>
<td>Employer</td>
</tr>
<tr>
<td>France</td>
<td>16-26 weeks</td>
<td>100</td>
<td>Social Security</td>
</tr>
<tr>
<td>Germany</td>
<td>14 weeks</td>
<td>100</td>
<td>Social Security to ceiling; employer pays difference</td>
</tr>
<tr>
<td>Guatemala</td>
<td>12 weeks</td>
<td>100</td>
<td>Employer 33% Social Security 67%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>60 days</td>
<td>100</td>
<td>Employer</td>
</tr>
<tr>
<td>Norway</td>
<td>18 weeks</td>
<td>100</td>
<td>Social Security</td>
</tr>
<tr>
<td>Peru</td>
<td>90 days</td>
<td>100</td>
<td>Social Security</td>
</tr>
<tr>
<td>Switzerland</td>
<td>8 weeks</td>
<td>100</td>
<td>Employer</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>16 weeks</td>
<td>100</td>
<td>Social Security</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>14-18 weeks</td>
<td>90 for 6 weeks; flat rate after</td>
<td>Social Security</td>
</tr>
<tr>
<td>United States</td>
<td>12 weeks</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>


(c) OECD Categories

In contrast to the categories adopted by HREOC and EOWA, the OECD Family Database maternity, paternity and parental leave tables identify paid leave systems as being either state, SI (social, health or unemployment insurance), state/SI, employer, employer/SI or Health Insurance.

Countries given as illustrations of state financing by the OECD are Ireland, New Zealand, Norway, Portugal, Spain, Sweden and the USA. The country given as an illustration of health insurance financing is Japan. Countries given as illustrations of SI financing are Canada, Belgium, Finland, France, Hungary, Iceland, Italy and the Netherlands. The country given as an illustration of SI/state financing is Austria. Countries given as illustrations of employer financing are Denmark and the UK. Countries given as illustrations of employer/SI financing are Germany, Greece and Poland.
By contrast, the US Social Office of Policy (2006) bases its categorisation of social security funding sources for the European countries referred to in this report on the primary assumption that social security involves insuring individuals against interruptions or loss of earnings power because of certain events, including birth. This organisation describes three broad approaches to social security income-maintenance schemes and their underlying sources of funds as follows:

- Social insurance (employment-related): mostly financed from contributions (usually a percentage of earnings) made by employers, employees, or both and are in most cases compulsory for defined categories of employees and their employers. Usually the state is guarantor of the benefits. In many countries, the state contributes to the financing of employment-related as well as other social security schemes. The government may contribute through an appropriation from general revenues based on a percentage of total wages paid to insured workers, finance part or all of the cost of a scheme, or pay a subsidy to make up any deficit of an insurance fund. In some cases, the government pays the contributions for low paid workers. These arrangements are separate from obligations the government may have as an employer under systems that cover government employees.
- Universal (providing flat rate cash benefits to all persons with sufficient residency, without having to meet any other eligibility criteria): Usually these schemes are funded from general revenues and include old-age and disability pensions and family allowances.
- Means-tested systems: These schemes are usually financed from general revenues. These schemes often operate together with social insurance schemes and may be administered by social insurance agencies.

In its general discussion of sources of funds for maternity benefits in European countries, the US Office of Policy (2006) asserts that most countries are funded via social insurance schemes requiring that a fixed percentage of wages, up to a ceiling, are contributed by employees and employers directly to a separate program that administers both health care and cash benefits for sickness and maternity. In some countries, the state (government) also contributes to the financing of these schemes.

Comment and clarification

As a consequence of these different meanings, countries are categorised differently. The OECD categorises Ireland, New Zealand, Norway, Portugal, Spain, Sweden and the USA as state funded whereas both HREOC and the US Office of Policy categorise Ireland, New Zealand, Norway, Portugal, Spain, Sweden as SI funded. Further, both the OECD and the US Office of Policy categorise Denmark and the UK as examples of employer financing, whereas again, HREOC has included these as SI. Lastly, the OECD categorises Greece as an illustration of employer/SI financing whereas both HREOC and the US Office of Policy has included Greece in SI financing.
At least part of the confusion in relative systems of funding classification regarding whether countries are SI or state funded seems to stem from the fact that the state may administer paid maternity leave schemes via a social insurance system, or via direct payment to employers from state revenue, or via reimbursement to employers from a state-administered social security fund (or via a combination of these).

It is crucial, then, to distinguish between the organisations: (1) bearing liability for payment of the leave benefit; (2) administering the funding of leave benefits; and (3) ultimately sourcing the funding of leave benefits. To this end, one must be cautious when comparing data on this issue from different sources, as illustrated above. For example, in the OECD table under the column ‘payment’ the UK is shown as being an example of employer financing. While the employer is primarily liable for providing paid maternity leave benefits to the employee, it is the government-administered social security fund that is the ultimate funding source (as it reimburses the employer for any payments made).

Accordingly, this paper proposes identifying international funding systems according to strict criteria, namely:

1. Is the system employer funded, directly or through a levy administered by the government where employers meet the full cost of paid maternity leave for eligible women in their workplace?
   *Examples:* Angola, Cambodia, China (100% for 90 days), Switzerland (100% for 8 weeks) and Mozambique (100% for 60 days) (EOWA, 2006)

2. Is the system funded via members claiming from, or the employer being reimbursed from, a *social, health or unemployment insurance scheme run by the state* whereby employed and self-employed people pay contributions from their earnings into the fund and/or employers and the state also contribute to this pooled fund.
   *Examples:* Canada, UK and Sweden — see Appendix B for illustrations of differing contribution rates.

3. Is the system funded by *payments from state revenue*?
   *Example:* In New Zealand the Inland Revenue Department (or equivalent) makes payment (usually as a social security payment) directly to eligible parents’ bank accounts.

4. Is the system a *combination of social insurance plus mandated employer supplements* where the state funds to a ceiling and employers pay the difference from discrete funds.
   *Examples:* In Germany female employees pay compulsory contributions to social insurance funds and on maternity leave are entitled to receive 100% of their earnings. The state pays part of this amount per day as a maternity benefit and the difference between this amount and the full average salary is covered by an employer-paid supplement. In Guatemala the employer paying 100% of wages for 4 weeks and state-funded social security pays 100% of wages for a further 8 weeks.
5. Is the system solely funded by contributions by employees?

*Example:* the Californian Paid Family Leave Insurance Program, which is entirely funded by employees via a payroll tax deduction. The Paid Family Leave Law was passed by the Californian state legislature in 2002, and took effect from 1 July 2004. California provides for 6 weeks of paid maternity leave calculated at 55 to 60% of earnings up to a ceiling of US$840 (€620). This entitlement co-exists with California’s state-administered Temporary Disability Insurance (TDI), so pregnant women may be eligible for insurance benefits pregnancy leave in addition to disability leave. Insurance coverage is nearly universal (except public sector employees who are usually covered by some employer-funded paid leave are ineligible) and the insurance can be used by mothers, fathers and adoptive parents. Additionally, self-employed people may opt into the insurance scheme.

The scheme does not offer any employment protection (though it co-exists with the Family and Medical Leave Act which does). The work requirements before accessing the benefit are very minimal with workers only needing to have earned $300 in the ‘base period’ before filing a claim (see Shulkin & Corday, 2005)

The US Office of Policy data appears to best meet these criteria and for this reason its data was preferred in compiling those parts of this paper’s tables relating to ‘sources of funds’.

### 3.3 Identification of criteria and comparison of international leave policies

When comparing international maternity, paternity and parental leave models, key commonly assessed criteria are eligibility, payment level, duration, the source of funds and who administers the payment. Tables A.1, A.2 and A.3 in Appendix A, respectively, provide a comparison of the maternity, paternity and parental leave models according to these criteria across a sample of countries commonly referred to in this debate.

#### Eligibility

**Maternity leave**

Table A.1 of Appendix A indicates that in most of those countries, eligibility for paid maternity leave is usually based either on employment, with varying qualifying periods, or payment of a minimum statutory insurance contribution. Where eligibility rests on an employment nexus, in some countries, it expressly does not extend to self-employed mothers (see, e.g., Canada, Germany and the Netherlands) and in other countries it does so extend (see, e.g., Belgium, Czech Republic, Estonia, France, Hungary and the UK).

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27 Data for this summary was amalgamated from Kamerman and Gatenio (2002) and Moss and Wall (2007).

28 In Belgium the leave entitlement for self-employed mothers is somewhat less advantageous.
Examples of countries which restrict eligibility to those mothers who have contributed to their countries’ social insurance schemes include Ireland, Italy, Portugal and Slovenia. Note that the making of such contributions usually connotes some form of employment or self-employment.

The exception countries are: (1) Iceland, where the eligibility test does not require a nexus with employment per se but rather being ‘economically active’ prior to the birth; (2) Sweden, where a small minimum benefit is provided to any woman (including women at home) covered under health insurance (however, if a mother’s income exceeds a minimum level in a defined period before the birth, she is eligible for a more generous leave benefit); (3) Spain, where a small minimum benefit is paid to mothers who do not satisfy social security contributions criteria; and (4) Finland, where eligibility is based on residency.

**Paternity leave**

Eligibility for paid paternity leave is usually employment for at least some minimum time before the birth of the child or payment of a minimum statutory insurance contribution. As a variation to this, in the Netherlands eligibility extends beyond the biological father to employed persons who are either the partner of the mother or who acknowledge the child.

In the United Kingdom, the mother’s partner may be eligible for paid paternity leave provided he or she satisfies minimum employment criteria and is expected to have responsibility for the child’s upbringing.

Only some countries extend eligibility to self-employed fathers (see France and Portugal).

The exception countries are: (1) Iceland where fathers’ eligibility test does not require a nexus with employment per se but rather being ‘economically active’ prior to the birth; (2) Finland, where eligibility is based on residency; and (3) Canada, Czech Republic, Germany, Italy and New Zealand, which do not provide mandatory paid paternity leave.

**Parental leave**

Eligibility for paid parental leave in most countries is based on employment or payment of a minimum statutory insurance contribution, for a minimum period prior to the birth of the child.

Some countries expressly exclude self-employed parents from eligibility (see Spain) and in other countries parental leave period requires the employer’s consent (see Czech Republic).

The exception countries are: (1) Iceland, where parents’ eligibility test does not require a nexus with employment per se but rather being ‘economically active’ prior to the birth; (2) Finland and Sweden, where eligibility rests on minimum residency requirements; (3) Estonia, which pays a flat rate ‘childcare benefit’ until the child is three years old to non-working and working parents (in the latter case, from the end of the paid parental leave payments); (4) France, which pays the parental leave subject to an income-tested, but at a generous level (France also pays a flat rate child care benefit for one year to larger
families, provided one parent stops working); and (5) Hungary, which pays a flat rate payment (equivalent to the old age pension) to all parents until the child is three years old (note that Hungary also provided an income replacement based benefit to employed parents).

Parental leave is a family entitlement in eight countries, to be divided between parents as they choose; an individual entitlement in another nine countries; and mixed (part family, part individual entitlement) in three countries (Moss & Wall, 2007).

**Duration**

**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), Demark (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.

**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 fathers 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**

Tables A.1 and A.3 in Appendix A indicate that 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.

**The source of funds (for maternity leave schemes only)**

Data for these criteria is outlined for paid maternity leave schemes only (see Table A.1 in Appendix A). This data was sourced from the US Office of Policy data which collates data for each country across a range of social security categories including ‘Sickness and Maternity’. Usually this data clearly distinguishes between key criteria applicable to each country’s maternity, paternity and parental leave schemes. However, it did not so distinguish in relation to the source of funding. Rather than assume that the same source of

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29 Note that in Austria, three years of extended leave is available but only if the father takes at least six months of the leave before the child turns three.
funding applies for paternity and parental leave benefits, this paper has only outlined the source of funds for each country’s maternity leave system.

The paid maternity leave systems for most countries in Appendix A are funded via social insurance schemes run by the state where employed (and self-employed) people pay contributions from their earnings into the fund and/or employers and the state also contributes to this pooled fund. These contributions may also fund other social insurance related particularly sickness benefits. To the extent possible, this paper has attempted to reflect those contributions applicable to maternity leave schemes only.

Any direct comparisons of funding contributions should be made with caution. Cross-country comparisons are not strictly valid, as the ultimate quantum of the maternity leave benefit differs across countries. Furthermore, funding contributions should be considered in light of each country’s tax regime and other social security measures.

Notwithstanding the comment above, Table A.1 shows that employee contributions range from 0.4 per cent of earnings (Greece) to 11% of earnings (UK). Where self-employed mothers are eligible for paid maternity leave, their contributions range from 0.1% of assessed income (Slovenia) to 15% of ‘declared earnings’ (Hungary). Employer contributions range from 0.1% of payroll (Slovenia) to 12.8% of payroll plus 0.16% of profits over a maximum amount (France). The state does not contribute to social-insurance based paid maternity leave for all countries. However, where applicable, state contributions tend to meet either any scheme deficit (e.g., Hungary, Ireland and Norway) or the cost of any minimum daily allowance (e.g., Finland).

For further details on sources of funding see section 3.2 of this paper, ‘Source of funding of international systems of paid maternity, paternity and parental leave’.

The exception countries to social insurance based finding are: (1) Denmark where the employer funds paid maternity leave for the first two weeks of leave taken by the mother and the state funds the remainder of paid leave; (2) Germany where leave is funded by social insurance to a certain level and is supplemented by employers to a full income replacement level; (3) New Zealand where leave is fully funded by the state; and (4) California where employees fully fund the scheme via designated contributions to social insurance.

**Administration of the scheme**

For most countries their paid maternity, paternity and parental leave schemes are jointly administered by the ministry or government department responsible for any or all of family, social affairs and employment. The exception countries are: (1) Denmark, where the local municipal governments administer the payment of benefits but under supervision of the Ministry of Social Welfare; (2) the UK, where the administration is divided between the Department for Business, Enterprise and Regulatory Reform as to policy matters and the Department of Work and Pensions as to payment of benefits; and (3) New Zealand,
where the administration is divided between the Department for Labour as to policy matters and Inland Revenue as to payment of benefits.

**Flexibility**

While not included in the tables comprising Appendix A because it is not yet a standard criterion, this paper comments on flexibility of leave arrangements because it is emerging as a contemporary and desirable feature. Flexibility takes four main forms. First, the possibility to use all or part of leave when parents choose until their child reaches a certain age; second, the possibility of taking leave in one continuous block or several shorter blocks with as little as one day a week over an extended period (e.g., in Belgium paid parental leave can be taken for one day a week over 15 months); third, the possibility to take leave on a full-time or part-time basis (i.e., so parents can combine part-time employment with part-time leave); and fourth, additional leave in the case of multiple births or, in a few cases, other circumstances (Moss & Wall, 2007, p. 6).
Part 4  Developing evidence-based policy

Overview

In this section of the report, recent research is examined for indicators of the outcomes and impacts of parental leave policies across a number of criteria. Although belatedly being addressed, there is one sense in which Australian policy makers are fortunate to be reviewing and developing parental leave policy now, in 2008, for in the past decade there is growing evidence from countries which have modified and upgraded their own parental leave policies, accompanied by an increasing interest in the implications of parental leave policies for child and maternal health, labour market outcomes, gender equity and national fertility rates. This body of research provides us with evidence on which to draw and develop Australia’s policy. For the most part, we have drawn on sources post-2000, with the exception of earlier research and publications that have been highly significant in the greater body of work.

There have been successive waves of parental leave policies in countries other than Australia with significant changes in underlying philosophy and approach over the past thirty years. Three generations of policies can broadly be identified. The first generation of the parental leave policies date back to the 1970s where the focus was on maternity leave and job protection in response to increases in female workforce participation (e.g., in Sweden). The second generation of policies turned to specific paternity leave periods and extended parental leave in order to address the gendered nature of leave taking and to encourage the role of fathers in parenting (Deven & Moss, 2002; Moss & Deven, 1999; Moss & O’Brien, 2006). The third and most recent generation of parental leave policies have incorporated flexibility and return-to-work arrangements as a further way of easing work-family tensions and facilitating both women’s and men’s workforce transitions.

Much of this research indicates that public policies are very influential in affecting the labour market and parenting behaviours of employees and the attitudes of employers. The ability to analyse ‘natural experiments’, where there has been a change in parental leave policies allowing researchers to empirically examine the before and after effects on the population, for example in Austria and Canada, show that mothers respond directly to either the shortening or lengthening of paid periods of maternity leave — that is, they shorten or lengthen their leave from work accordingly. In terms of breastfeeding there is a clear and established link between the length of paid maternity leave available to them and the length of time a mother breastfeeds. Employment and breastfeeding are in competition; and when women have to return to work earlier, breastfeeding rates drop off. If mothers are able to return to part-time work rather than full-time work, then breastfeeding continues longer. The designation of paid paternity leave to fathers only on a use-it-or-lose-it basis has seen fathers in Iceland, Norway and Sweden take longer periods of paternity leave and participate in the child rearing of their children. With the introduction of public policy on the provision of parental leave in California and New Zealand, employers who were initially reluctant found that the policies had a positive effect and assisted in better
planning of work and improving employee relations. Furthermore, it can be assumed that public policies and public debate around parental leave increase social awareness and change social norms, with implications for acceptance in workplaces and by employers. In Australia, for example, spikes in the introduction of new paid parental leave policies by employers and after-union claims can be seen to be aligned with periods of higher social debate (as around the last HREOC inquiry). Baird and Charelsworth have also found in their qualitative research that many female employees assume they are entitled to paid maternity leave and to part-time return to work after maternity leave because of the discussion around these issues. Thus, while public policy is not the only driver of change it does play an important role in shaping social norms and establishing benchmarks for practice.

The criteria in international comparative research which have been used to determine or evaluate whether parental leave systems are operating successfully are varied and sometimes contested. Moreover, academics both internationally and domestically have noted the difficulty in assessing whether systems are operating successfully because of the paucity of targeted data. Notwithstanding these limitations, it is possible to identify certain criteria that are commonly used in academic and policy evaluations of current paid maternity, paternity and parental leave systems. These include: the impact of schemes on class and gender equality; child and maternal welfare; labour market consequences including participation rates of females; leave take-up rates; the utilisation of alternative types of leave and the impact of paid leave policies on fertility rates. Economic indicators may also include the cost effectiveness of the systems, the administrative ease including interactions with the Social Security and Family Assistance Systems (or equivalent); and the impacts of the paid maternity, paternity and parental leave systems on business.

Because of the broad expanse of intra-disciplinary and cross-disciplinary research that exists internationally in relation to the above-mentioned criteria, the research evidence is organised according to the following headings:

1. Infant and maternal welfare
2. Workforce attachment and retention benefits for business
3. Gender equity and social fairness
4. Workforce capacity and workplace performance
5. Fertility.

For clarity of purpose we have kept the review of research evidence within categories as discrete as possible, but note that in some cases the outcomes overlap and it is not possible to absolutely separate the research evidence under one heading from another — for example, workforce attachment and return to work overlap with issues of gender equity.

For example, the OECD 2007 report Babies and Bosses: Reconciling Work and Family Life (see <http://www.oecd.org>) compares the different approaches that the 30 OECD countries take to parental leave by examining tax/benefit policies, parental leave systems, child and out-of-school-hours care support, and workplace practices that help determine parental labour market outcomes and family formation across the OECD and then compares the findings with key indicators, such as the level of child poverty, the gender pay gap and the birthrate.
4.1 Infant and maternal welfare

Overview

The recent research on the relationship between maternity leave and child and maternal health and wellbeing is reviewed below. This research originates principally from the OECD, UK, USA and Canada and has, for the most part, concentrated on the relationship between paid (rather than unpaid) maternity leave and infant, child and maternal health. The relationship between paternity/parental leave and fathers’ and parents/household health is less well researched with a limited amount of qualitative research evidence available.

In terms of parenting behaviours and gender roles at work and at home, the research indicates that public policy does make a difference to employer and individual responses and behaviour. Additionally, social norms regarding parenting and gender roles as well as expectations of the role of the state in family matters are also influential in shaping behaviours.

In respect of infant, child and maternal health, the evidence accumulating points to positive links between increased paid maternity/parental leave and:

- reduced infant mortality
- lengthened periods of breastfeeding
- less infant/child sickness, such as diarrhoea, ear infections and respiratory tract infection
- improved immunisation rates
- improved child behaviour
- reduced maternal depression
- improved father engagement with the family.

The notion of an optimum time for infant/child and maternal health is of concern to governments, international agencies and researchers. Most of the attention is on optimum periods to initiate and continue breastfeeding. Current indicators are that less than 12 weeks paid maternity leave results in negative outcomes for establishing breastfeeding, infant health and mortality and maternal wellbeing. A period between 12 and 26 weeks is less contentious but not strongly advocated by any of the interest groups.

Researchers and international bodies seem to have settled on 26 weeks as the point at which the health outcomes for baby and mother are more positive than negative. At the 26 week mark, reduced infant infection and mortality rates and improved infant and maternal wellbeing are recorded. An additional period of pre-natal leave may also be necessary for some mothers, especially those in occupations and jobs that are physically demanding.

There is also some research on child behaviour, which may be contentious, but which suggests that there are improved behavioural outcomes if maternal care continues for one year. Furthermore, it is suggested that maternal full-time employment may have a deleterious impact on infants. Again, home and social context is important and if women’s
labour force participation and income needs are to be accommodated, facilitating quality part-time employment\textsuperscript{31} might thus be a suitable compromise.

Many authors also note that, together with the necessary provision of paid maternity/parental leave, the importance of context and supporting policies, such as child care, lactation breaks, workplace supports and flexible return-to-work arrangements, in influencing infant, child and maternal health and wellbeing. Mothers in part-time employment are found to breastfeed for longer than mothers in full-time employment. Specifically, because the cessation of breastfeeding is associated with the return to work of mothers, it is recommended that policies assisting mothers to breastfeed are in place. Interestingly, however, in the Parental Leave in Australia Study, only a small proportion (2\%) indicated their leave was too short to establish breastfeeding (retrieved from <http://www.polsis.uq.edu.au/parental-leave/level1-report.pdf>)

The research assumes breastfeeding is the preferred and best option. The papers do not consider the possibility that some women may choose not to, or are unable to, breastfeed. This pejorative position towards non-breastfeeding and mothering therefore has implications for working women who become mothers, implying a ‘good mother’ or ‘best practice mothering’, and sets up particular standards that not all women may be able to achieve. It also implicitly drives specific gender roles and demarcations between mothers and fathers in the first half-year of a baby’s life. Supplementary policies may need to be borne in mind if this issue is of concern to policy makers.

**Summary of the research on child and maternal welfare**

While there is obvious reason for overlap between the categories, the research on impact of paid parental leave on infant and maternal health can be broadly divided into the following headings: infant health, breastfeeding and maternal health.

**Infant health**

Ruhm’s (2000) study using data from 16 OECD countries from the 1969 to the mid-1990s, provided the first evidence that when countries have more generous maternity leave policies, infant mortality rates are lower. The study did not include Japan and the USA (nor Australia) and ended with 1995 data.

Ruhm found that his ‘econometric estimates suggest that parental leave entitlements substantially reduce mortality during early childhood. Rights to a year of job-protected paid leave are associated with roughly a 20\% decline in post-neonatal deaths and a 15\% decrease in fatalities occurring between the first and fifth birthdays. He argued that (paid) ‘parental leave may be a cost-effective method of bettering child health’ and that parental time is ‘an important input into the well-being of children’ (p. 933).

\textsuperscript{31} Given that there are differences in the quality of part-time and casual employment it is necessary to emphasise that as context is important, poor, precarious and unpredictable part-time work would presumably not be a good solution.
In his conclusion Ruhm says:

This analysis lends credence to the view that parental leave has favorable and possibly cost-effective impacts on pediatric health. The most likely reason is that the work absences provide parents with additional time to invest in young children, which may be increasingly crucial given the upward trend in female labor force participation rates. The findings further suggest that parental time is an important but poorly understood input into the production of pediatric health. (p. 955)

Specifically, in relation to the impact that maternity leave has on children’s health and development, Chatterji and Markowitz (2005: 18) also report that:

longer paid leave is associated with reductions in infant mortality; [and] that longer maternal leave is associated with lower rates of young child mortality...[and] that returning to work within the first three months of life is associated with lower cognitive test scores during childhood. These studies suggest that longer maternal leave after childbirth may benefit infant health and development.

Noting that many questions relating to parental leave polices and child health outcomes remained unanswered, Gregg and Waldfogel focused on testing the relationship, and edited a special issue of the Economic Journal (2005). Referring to three studies by Tanaka (2005), Berger et al. (2005) and Gregg and Waldfogel (2005) conclude there are three main findings from the papers, each with policy implications.

The first finding is that ‘longer periods of maternity leave lead to improved child health, a finding robust across studies using aggregate data and microdata’ (p. 4).

Berger et al.’s (2005) paper based on US data found that children whose mothers stay out for more than 12 weeks are more likely to be breastfed, are breastfed longer, are more likely to be fully immunised and are more likely to receive recommended preventative (well-baby) care.

Gregg and Waldfogel (2005) highlight Tanaka’s (2005) study, which builds on the earlier work of Ruhm (2000). Both studies conducted secondary analysis of available data. Tanaka’s (2005) results ‘suggest that extending leave by 10 weeks will reduce infant mortality by 2.6%; thus, assuming linear effects of increases within the first year, extending paid leave to 12 months would reduce infant mortality rates by 13.6% in the US (where currently there is no entitlement to paid leave under federal law) and by 6.8% in the UK (where at the time of research the paid leave entitlement is 6 months).’

With reference to Ruhm’s and Tanaka’s studies of maternity leave and child health outcomes, Moss and O’Brien in a later review (2006: 27) comment:

The particular features of parental leave provision which were most significant in promoting child-welfare were difficult to disentangle but the secondary analysis suggests that internationally parental leave positive child effects are maximized when the leave is: paid and provided in a job secure context.
The second main finding from the Gregg and Waldfogel (2005: F4) edited collection is that timing (of leave and return to work) within the first year of the child’s life matters — although differentially on child health, cognitive development, and social and emotional development: ‘The Berger et al. paper finds that returning in the first 12 weeks has significant negative effects on child health measures and on subsequent child behaviour problems but not on the one cognitive outcome examined (a measure of child language at age 3).’

The third main finding is the link between full-time maternal employment in the first year and poorer child cognitive development for UK and US population. Part-time employment, however, in the first 18 months is clearly not harmful.

Gregg and Waldfogel strongly advocate the development of research-based policy and on the basis of the above results conclude that three policy implications are clear:

1. Extending paid job-protected maternity leave will lead to improvements in child health.
2. There are gains to be made in terms of child health and also later behaviour problems if mothers are able to stay home at least part-time during the first 12 weeks post-birth.
3. A multi-faceted policy approach — one that provides the option of paid parental leave alongside the option of high-quality paid child care and supporting mothers to be able to work part-time if they wish — would be best in terms of children’s cognitive development. (Gregg & Waldfogel, 2005)

More generally, other studies have suggested that some forms of maternal employment during the child’s first year are associated with subsequent increases in child behaviour problems and negative effects on children’s cognitive development (Brooks-Gunn et al., 2002; Waldfogel et al. 2002).

A paper by Baker and Milligan (2008) provides a comprehensive summary of the sometimes conflicting research to date regarding the impact of maternal employment on very young children. The study is useful in terms of evaluating parental leave allowances because it studied the impact of leave on families across the pre- and post-Canadian reforms (a ‘natural experiment’). The paper focused on children between 6 and 12 months of age (which previous studies have indicated is a critical child development period). Further, the children studied were not an ‘at risk’ population- they were an heterogeneous group (p. 25). Baker and Milligan report:

The majority of studies on early maternal employment (specifically, the first year of life) ... find negative effects on later cognitive outcomes, although there is some dissent (see Waldfogel et al. 2002; Bernal and Keane 2006). This conclusion is supported by analysis of the NICHD-SECC data (Brooks-Gunn et al. 2002), which concludes that full-time maternal employment in the ninth month of life has negative cognitive effects that manifest by 3 years of age. As a point of contrast, studies using various other data generally find no negative impact of early maternal employment on the outcomes of school aged children (see Brooks-Gunn et al. 2002).1 Nevertheless, in her survey of this literature Waldfogel (2006) concludes
that ‘…the research on this point is now quite clear. Children do fare better on average if their mothers do not work full time in the first year of life, although … the effects vary by context’. (p. 45)

Complementing this research are studies of the effects of non-parental care on other dimensions of development. Baker and Milligan (2005) and the research summarised in Berger and Belsky (2006) suggest that larger and longer exposures to non-parental care lead to problem behaviour: disobedience, defiance and aggression. The risk appears to grow both in the cumulative duration (months) and intensity (hours per week) of exposure in the first years. Loeb et al. (2007) find that entry into non-parental care before the age of one can have particularly detrimental effects.

The research on the relationship between additional maternity leave and child development, however, is inconclusive. As Baker and Milligan (2008: 25) conclude:

Research on the developmental costs and benefits of maternal care has produced mixed results... we have presented evidence on the developmental impact of more maternal care resulting from the expansion of maternity leave policies in Canada. Among mothers who took leaves, we estimate an increase in the time at home post-birth of around 3 months or over 50 percent of the pre-reform level.... However, even with these extraordinary changes, we find little evidence of a change in child development. Our estimates indicate that the family atmosphere is unchanged and that temperament and motor-social and developmental milestones respond little to the extra maternal time.

Baker and Milligan note that their conclusion that the increases in primary maternal care ‘had little effect on child development up to 2 years of age’ does not discount that child development impacts may manifest at an older age nor that the parent-reported measures of child development used simply did not ‘capture the changes in development induced by the maternity leave reforms’ (p. 26).

**Breastfeeding**

The World Health Organization (WHO) concluded in 2000 that ‘women need at least 16 weeks of absence from work after delivery’ to protect the health of both mother and child (WHO, 2000). In relation to breastfeeding the WHO also recommends six months of exclusive feeding (WHO, 2002), the US Department of Health and Human Services recommends six months of exclusive feeding, with continued feeding to one year and Health Canada recommends six months of exclusive feeding with continued feeding up to age two and beyond although research has suggested that these targets are simply not feasible once women return to full-time work.

According to Galtry and Callister (2005), the American Academy of Paediatrics similarly recommends six months exclusive breastfeeding with continued breastfeeding for at least one year. Galtry and Callister note that research indicates that breastfeeding affords protection against certain illnesses such as diarrhoea and ear infections. Scariati et al. (1997, cited by Galtry & Callister, 2005) found that the more breastmilk an infant receives...
in the first six months of life, the less likely the infant is to develop either of these conditions. Chantry et al. (2006) find that there are large increases in the odds of contracting pneumonia or otitis media among those breastfed exclusively for only four to five months rather than six or more.

Recent research from the USA suggests that “postpartum maternity leave may have a positive effect on breastfeeding among full-time workers, particularly those who hold nonmanagerial positions, lack job flexibility, or experience psychosocial distress” (Guendelman et al 2009b: 38)

Studies concur that breastfeeding tends to stop once the mother returns to work (Chatterji & Frick, 2005; Bick et al. 1998). In relation to the relationship between breastfeeding and employment, Galtry and Callister (2005: 228–229) also cite work by Lindberg (1996); Roe et al. (1999) and Visness & Kennedy (1997) to conclude:

There also appears to be an association between the timing of return to work, the number of hours worked, and the effect on breastfeeding (Fein & Roe, 1998). For instance, in a survey of women who planned to return to work within 12 months of giving birth, Roe et al. (1999) found that there was competition between breastfeeding and employment, with the greatest decrease in breastfeeding duration occurring when employment was resumed in the first 12 weeks after birth. It was observed that each additional week of leave from work increased breastfeeding duration by almost half a week. Moreover, women who worked full-time (more than 34 hours a week) within 3 months of birth were most likely to stop breastfeeding. Roe et al. also observed an increase in breastfeeding frequency associated with time out of work, a finding that has implications for exclusive breastfeeding practice. In a nationally representative sample of new mothers, Ryan and Martinez (1989) compared the incidence and duration of breastfeeding among American mothers employed full-time outside the home with those not in paid employment. They found that whereas the same proportion of women in both groups (55%) initiated breastfeeding, those returning to full-time paid work were less likely to be breastfeeding their babies at 6 months. Only 10% of mothers in full-time paid employment breastfed their babies at 6 months of age compared with 24% of those not in paid employment. Lindberg (1996) observed that conflicts between breastfeeding and employment vary according to the intensity of the work with significantly more mothers employed on a part-time basis likely to breastfeed and for longer periods than those in full-time work. Lindberg concluded that for women to achieve the recommended 6 months of breastfeeding would require maternity leaves of at least 6 months.

Galtry and Callister advocate the optimal length of post-birth maternity leave to be at least six months. This should be provided in combination with workplace nursing breaks and facilities for 12 months, which would greatly facilitate the time-intensive practice of exclusive breastfeeding, as well as providing minimum enabling conditions for employed mothers to continue breastfeeding according to best practice recommendations.

Galtry and Callister also suggest that a one-year cap on breastfeeding breaks would also go some way to reassuring employers that the need for breastfeeding support in the workplace is not an open-ended measure.
Overall, Galtry and Callister conclude that six months postnatal leave is optimal for maternal and child health. Prenatal leave may also be required depending on the job characteristics and health of the mother, thus a period longer than six months may be required overall. Return to work in a part-time rather than full-time capacity is more conducive to breastfeeding.

However, as the period of six months postnatal leave is based on the mother as the carer, such a policy is not necessarily optimal for household and gender equity. Supporting policies are therefore needed to assist gender equity issues, such as designated father leave.

From a slightly different perspective, Lero (2003: 6) also stresses the need for complementary polices:

… there is now strong evidence that the length of leave in and of itself (beyond a minimum of perhaps four months) is not as critical a determinant of maternal health or child development outcomes as is the set of personal, family, and workplace stresses, resources, and supports that operate jointly and interact with leave experiences.

Baker and Milligan (2007: 5) evaluating the Canadian reforms, summarise the available research as follows:

Empirically, the relationship between breastfeeding durations and the return to work is studied in (among many others) Kurinij et al. (1989), Geilen et al. (1991), Lindberg (1996), Visness and Kennedy (1997), Fein and Roe (1998), and surveyed in Dennis (2002). All of these papers provide evidence that maternal employment post-birth is associated with shorter breastfeeding duration, although not with decreased initiation of breastfeeding.... Chatterji and Frick (2005) ... find that women returning to work earlier have lower breastfeeding durations as well as lower rates of initiation.

In the same paper Baker and Milligan present research that ‘extended maternity leave mandates (i.e., beyond 15–17 weeks) increase the period of time before mothers return to work post-birth’ in the child’s first year of life by 3 to 3.5 months which led to an increase in the duration of breastfeeding in the first year — over one month for eligible mothers — and in the duration of exclusive breastfeeding — over one-half month. They also found that the proportion of women attaining six months of exclusive breastfeeding increased by over 39 per cent of the pre-reform mean.

Baker and Milligan (2007) concluded overall that breastfeeding increases a third of a month with every additional month not at work but that there was little effect of the increase in breastfeeding (and parental care) on self-reported indicators of the mother and child (in the first 24 months) health.

This research and approach implies an acceptance of breastfeeding for the first six months as the most beneficial to mother and child and as ‘best mothering’ practice. The approach makes early maternity leave unavoidably female-specific. However, if it is overlaid with a gender equality perspective, where parenting and workplace responsibilities are shared equally by both parents, other options emerge — parents might take leave concurrently or fathers might take leave after the child is six months.
Thus, the evidence fairly clearly points to a recommended period of at least 26 weeks or six months maternity leave to gain full benefit from breastfeeding for both baby and mother, with the likelihood of reducing health and behavioural costs in the longer term. In addition, supporting polices relating to lactation, flexible and/or part-time return to work and child care are essential.

**Maternal health**

There is extensive research regarding the challenges of the postpartum work experience for many employed mothers including ‘physical recovery from childbirth, postpartum blues or depression, changes in marital relationships and role identities, and infant health problems’ (Chatterji & Markowitz, 2004: 3).

Galtry and Callister (2005: 225) say that in the post-birth period, the length of time required for optimal recovery from childbirth depends on a range of factors including the birth experience as well as a host of other emotional, physiological and sociocultural factors. They quote research:

… undertaken in the United States which shows that a period of leave following childbirth substantially assists mothers’ physical and mental well-being (Gjerdingen, Froberg and Kochevar, 1991; McGovern et al., 1997). The McGovern et al. (1997) study found that longer maternity leaves were associated with improved health after childbirth, although effects were nonlinear. Women taking leaves of 12, 15, and 20 weeks or more duration after childbirth reported greater vitality (>12 weeks), better mental health.

Tulman and Fawcett (1991) have estimated that full recovery from childbirth can take up to 6 months or longer, other researchers note the effect of duration is also influenced by factors such as spousal and community support, marital concerns, the overall health of the mother, and infant temperament (Clark, Hyde, Essex, & Klein, 1997; McKim, Cramer, Stuart, & O’Connor, 1999; Weinraub & Jaeger, 1991).

With regard to leave duration and maternal mental health, Lero (2003) observes that it may not be involvement in employment or staying at home that is important but rather role quality, that is, the fit between a mother’s actual and preferred role. Women who stay at home for extended periods but are concerned about role restrictions are at risk of depression.

Overall, the literature on pregnancy, childbirth, and maternal recovery suggests that optimal leave duration will vary according to a wide range of factors, including the relative ease or difficulty of the individual’s pregnancy and childbirth. However, there is some indication that the optimal length of leave is likely to be in the order of months rather than weeks or days, particularly postbirth. (pp. 225–226)

There is substantial empirical evidence that longer maternity leave affects maternal mental health. Chatterji and Markowitz (2005) investigated the impact of the length of maternity leave on the incidence of depression and measures of overall maternal health to investigate how the length of maternal leave affects maternal health in a sample of mothers who returned to work after childbirth. The results suggest that ‘longer leave from work (increasing maternal leave from 6 or fewer weeks to 8 weeks or 12 weeks) is associated
with an appreciable decline in depressive symptoms of approximately 11 percent and 15 percent, respectively...’

They conclude:

In sum, the findings suggest that longer maternal leave after childbirth may have lasting benefits for maternal mental health. If this effect is causal, as this paper suggests, policies that support longer maternity leave may have the added benefit of reducing depressive symptoms among employed mothers. However, there is no evidence that longer maternal leave affects potential cases of clinical depression, nor overall physical and mental health as measured by outpatient visits. (Chatterji & Markowitz, 2005: 27)

There is also emerging evidence in the United States that paid maternity leave taken in the late pregnancy can have beneficial health outcomes in terms of reducing cesarean deliveries and prolonging gestation in occupationally strained women (Guendelman et al, 2009a). The authors examined a cohort of Californian women (who are eligible for paid antenatal leave through the State Disability Insurance System) to determine whether leave taken in late pregnancy reduces caesarean delivery and found that “among full-time working, predominantly white Latinas and non-Latinas, maternity leave taken after 35 weeks of gestation is associated with a reduction in cesarean deliveries” (Guendelman, 2009a: 36).

**Paternal health**

To date there has been much less attention on the impact of parental leave policies on fathers’ health and wellbeing. Moss and O’Brien (2006: 27) report that the limited research that has been conducted is qualitative and focused on Nordic countries (Denmark, Sweden and Norway). This is not surprising as that is where specific paternity leave periods have been introduced. The research indicates that there are emotional benefits, that men’s use of paternity leave creates a limited short-term increase in father involvement in child care and household tasks, and that fathers report satisfaction and enjoyment, are more engaged in family commitments and develop a closer relationship with infant children. In an unpublished PhD thesis, Zacharias (2007) draws on original data gathered from Swedish statistics to show that fathers tend to use their parental leave quota in the second year of the child’s life, with mothers’ care concentrated in the child’s first year.

Finally, Kell (2006: 27–36) for the New Zealand government, conducted an evaluation of research summarises it as follows:

Kamerman cites Tanaka’s (2005) findings from a study of 18 OECD countries over 30 years to investigate the effects of job-protected leaves and other leaves. The research found a significant association between the extension of weeks of job-protected paid leave and decreasing infant mortality rates: a 10-week extension in paid leave predicted a decrease in infant mortality rates by four percent. In an earlier study, Rhum (1998 and 2000) concluded that parental leave policies may be a cost-effective method of improving child health, a finding supported by Galtry (2000) who found that parental leaves lead to longer periods of breastfeeding and less maternal stress. Kamerman concludes that:
• Longer paid maternity leave reduces infant mortality and neo-natal mortality but unpaid leave does not have the same protective effect;

• Longer leave improves other health outcomes, while children whose mothers return to work within the first three months after birth receive less health care.

4.2 Workforce attachment and retention benefits for business

There is mounting evidence that there are positive outcomes for business as a result of the provision of paid maternity, paternity and parental leave, so long as the leave is not too long (more than one year from the employer’s perspective) and employee replacement issues can be managed. These benefits include:

• Paid maternity leave improves female return-to-work rates.
• Notion of optimum time of leave — different for employee, employer, child and family perspectives.
• Mothers do return to work after paid maternity leave — typically to the same employer.
• Many would prefer longer leave than they currently have.
• In Australia a period between 9 to 12 months is when mothers are most satisfied with their return to work.
• Most cited reasons for Australian mothers returning earlier than preferred are lack of paid maternity leave and financial pressures (similar in New Zealand).
• Canadian evidence suggests one year is favourable to employees’ ongoing labour force attachment.
• In Australia, women expect to return part-time and three-quarters do. Same in New Zealand (and Germany).
• Businesses report higher retention rates after introduction of PML — e.g., Holden, Westpac.
• Companies can ease process through stay-in-touch programs and training on return to work.
• Countries do adjust policy — recent increase in PML — UK; Germany; reduction in leave from 24 to 18 months (Austria).
• Too long (periods much longer than one year) impacts on mothers’ workforce attachment.
• Some evidence of link between provision of family-friendly policies and improved financial performance.

Most of the research on parental leave and return to work and labour force attachment has focused on the labour force patterns of mothers. There is good reason for this, for, as the previous section outlines, the use of parental leave is highly gendered, with men tending to use parental leave only when policy prescribes it on a use-it-or-lose-it basis and when income replacement is high. Concerns about labour force supply have brought the issue of mothers’ return-to-work behaviours to the policy attention of governments and employers. Perspectives on optimum periods of leave and the timing of mothers’ return to work, however, will vary depending on the stakeholder, and generally mothers would prefer more time off work (especially if it is paid) whereas employers may find shorter periods more
manageable. There is a suggestion in Australia, however, that small business employers would find the replacement of employees for longer periods (around nine months to one year) more manageable than short-terms replacements (e.g., 14 weeks). (Robert Mallet on behalf of the Council of Small Business of Australia in comments given to the Productivity Commission Inquiry into Paid Maternity, Paternity and Parental Leave on 12 May 2008, Hobart: pp. 111–112 [hansard retrieved from http://www.pc.gov.au/__data/assets/pdf_file/0008/79730/hobart-20080512.pdf]).

Joesch (1997: 1008) says:

> From a theoretical perspective, a paid leave policy for childbirth has two effects: It encourages some women to interrupt work for a longer time, and it entices other women to return to their job after birth rather than quit, resulting in a shorter interruption of work. It is, thus, ambiguous on theoretical grounds alone whether, on average, paid leave leads to longer or shorter interruptions of work.

On empirical grounds, however, studies concur that paid leave encourages women’s attachment to the labour market, and typically to their previous employer. This is especially so for women with higher human capital investment. However, while mothers’ employment rates are higher when paid maternity leave policies are available, long periods of leave can reduce female wages (Ruhm, 1998, cited in Joesch 1997).

In the Joesch study of US women, using data from the 1988 National Survey of Family Growth, Joesch found that women with access to paid leave were found to work later into pregnancy, to be less likely to work during the birth month, and to start work sooner once the infant was at least two months old. For women who had paid leave available, additional weeks of leave lengthened work interruptions but at a decreasing rate.

A German study by Ondrich et al. (2003) measuring changes in mothers’ period of leave before and after extensions in job protected leave found that mothers’ return to work is delayed over the period when the job-protected period of leave was extended — that is, mothers will make use of the extra leave. Ondrich et al. also found that mothers do return to work after maternity leave, especially mothers with more human capital (education and skills).

Evans (2007: 122–123), analysing the Canadian system, notes that income is a factor in consideration and ‘that earlier job return is associated not only with lower earnings, but also with lower overall household income. When benefit levels are designed to replace only 55 per cent of earnings, higher-income families have more capacity to absorb a sharp decline in income. As well, the likelihood of receiving employer-based “top-ups” (which can total 90 per cent or more of earnings) is greater for mothers with higher levels of education and/or higher household income’.

In another Canadian study, Hanratty and Trzcinski (2006) found that ‘the 2000 expansion (from 26 weeks to 52 weeks) was associated with a substantial increase in the duration of time (mothers spent) at home in Canada, and that this increase was larger for more economically advantaged groups of women’ (p. 1). Further, ‘the share of mothers
remaining at home for twelve months increased from 47 percent to 67 percent following the expansions’ (p. 4). They show that the ‘estimates suggest that the probability of not having yet returned to work within twelve months increased by twenty-three percentage points following the expansions in paid leave’ (p. 21) Importantly though, in terms of return to work and retention, they also conclude that ‘despite the large increases in leave time, there is little evidence that there was a decline in women’s relative employment rates after their child reached age one’ (p. 1)

The research suggests that policies do impact on return-to-work behaviours and household patterns of care. For instance, the authors of the OECD (2003) report, comparing the effects of different family policy regimes on the job retention of Danish and Swedish mothers and the impact of family policies and economic incentives on the probability of returning to the labour market, conclude that the distinct parental leave mandates are very important determinants of the return-to-work behaviour of mothers in both Denmark and Sweden and that the role of the fathers also differs considerably between the two countries: ‘In Sweden, fathers have much longer parental leave periods than fathers in Denmark. A striking result from the policy simulations is that if fathers were given more parental leave, it would promote the labour supply of women. For Denmark, we do not observe this substitution effect among the parents’ (p. 5)

In 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. (OECD, 2003: 5, 31)

The New Zealand report by Callister (2007) found that mothers would like to take longer leave than they actually do. On average, most New Zealand mothers returned to work when their baby was six months old, but would like to have returned when their baby was 12 months old, but this was not a financial option for most parents. There was a significant mismatch between actual leave taken and ideal leave. For mothers in each group, the ideal clusters around 12 months or more leave (between 70 and 75%). The second largest cluster is around four to six months (7 to 14%).

Two-thirds of mothers who took PPL and then returned to work, went back to the same employer. The study also found that most mothers change their working hours, when returning from leave with two thirds working part-time compared to one-third before the birth. The New Zealand study found that mothers working for small and medium enterprises are more likely to face pressure to return to work early.

New Zealand employers typically accommodate changes in working patterns on the mother’s return to work and on an ongoing basis, particularly changing the number of hours worked and working flexible hours.
In reporting on the return-to-work periods of Australian mothers, the PLAS (Whitehouse et al., 2006) finds that 9% returned to work within three months of the birth, 25% returned within six months, and close to 60% had returned by 12 months. Within 15 months, 70% were back in paid employment.

Furthermore, a total of 83% retuned to the same employer. The most noticeable change was from full-time to part-time employment:

Amongst the population of mothers who were employed prior to the birth, took leave and returned within 15 months, almost 70 per cent of those who were employed full-time prior to the birth returned to work part-time. Amongst those who worked part-time prior to the birth, 98 per cent returned part-time. Overall, 83 per cent of these women were in part-time jobs on their return to work after the birth. (Whitehouse et al., 2006, p.18)

In further analysis of the reasons for returning, Whitehouse et al. (under review) identify financial need and limited access to paid maternity leave as the most common reasons for returning to work ‘early’. Mothers taking leave for less than nine months were significantly more likely than those taking longer periods to report that they had returned earlier than they wanted to, although leave periods over 12 months were not consistently associated with further declines in dissatisfaction with duration. Overall, the analysis highlights the financial pressures underpinning women’s decisions, and suggests that enhanced availability of paid leave is more likely to be welcomed than further extension of leave duration.

The results from the Australian study tend to mirror the New Zealand patterns, with relatively high return-to-work rates with a preference for part-time hours. In a qualitative study of return-to-work behaviours in two large Australian organisations, Baird and Charlesworth (2007) find similar patterns. They conclude that not only did the women in these organisations favour returning to work in a part-time capacity if their income and previous job role allowed, they often assumed that they were entitled to do so and that it was their prerogative and responsibility as mothers to return to work in this way.

While there is less available research on the direct links between business performance and the provision of paid parental leave policies, a recent analysis of the provision of family-friendly policies (more generally) and the relative financial performance of firms suggests there is a positive association. Whitehouse and Haynes et al. (2007: 4) found in their analysis of UK data that: ‘Workplaces in which the incidence of family friendly provisions increased over the time period were more likely to be identified by managers as having improved in financial performance relative to others in the field.’

While the authors are careful not to claim causal links, they do suggest there is a compatibility between both family-friendly provisions and financial performance.
4.3 Gender and social fairness

Overview

There is considerable consensus in the research on the impact of maternity and paternity leave policies on gender equity. While there is less specific research on class equity, again, the findings are consistent. In brief:

- Leave taking is highly gendered — especially in the early months.
- Parental leave is taken by women more than men.
- The reasons are women’s preference, biological (breastfeeding and maternal recuperation), social (motherhood norms) and financial (gender pay gaps).
- Leave taking is also class based; low income earners; lower SES less chance of taking longer leaves — financial reasons.
- Long leave periods (over one year) can be disadvantageous to women’s labour market position.
- Policy does matter and shapes behaviour.
- Changing norms recognising fathers’ role in child care and increasing use of paternity leave (or daddy days) reserved for fathers’ use only, and non-transferable.
- If fathers take leave, then mothers do return to work.
- Supporting child care policies are needed (e.g., Sweden’s parental leave package includes a nationally funded child care system in which the majority of Swedish children take part).
- Supporting policies of shorter working hours also assist fathers in participating in parenting.
- Unpaid parental leave until child is eight.
- Limits on leave taking include lack of policy knowledge, income and type of job/occupation.

Mothers’ use of leave

There is widespread acknowledgment and evidence that maternity leave will be used more if it is paid than unpaid. It is also widely acknowledged that whether the leave is specifically maternity leave, or non-gender specific parental leave, whether it is paid or unpaid, women use it far more than men. That is, there is a highly gendered use of parental leave policies. However, it is also understood now that if this gendered use of policy is to be changed, specific policies targeting fathers’ use of leave are needed. Where such policies have been introduced, there is evidence to show that policy can drive behaviour.

Moss and Wall (2007: 7) summarise the take-up of leave between men and women across international systems as follows:

Generally speaking, paid maternity leave appears to be extensively and fully used by mothers who are eligible (in a few cases, it is even obligatory to take this leave). Paid parental leave is also widely used. Where parental leave is unpaid, there are no regular statistics on use but take-up is thought to be low by both mothers and fathers: irrespective of
gender, few parents take leave schemes that are completely unpaid. Where leave is a family entitlement, fathers’ use is low (i.e. where leave can be shared between parents, fathers take only a small proportion). However, where parental leave has both an individual entitlement element and is relatively well-paid, fathers’ use is higher. There is also evidence that fathers’ use of leave does respond to targeted policy changes.

The OECD report (2003) analysing the impact of Danish and Swedish family policies on women’s career breaks due to childbirth found that that although Denmark and Sweden are culturally similar and share the same type of welfare state ideology, they pursue substantially different family policies with leave provisions in Sweden being more generous than those in Denmark in terms of both duration and payment rates, though Sweden, like Denmark, has mandated that at least one month of parental leave is a ‘use it or lose it’ option for fathers and father’s take-up rates of parental leave is comparatively higher than in countries without the use-it-or-lose-it option.

In Australia, Whitehouse et al. (2005) in the Parental Leave in Australia Study found that while mothers used unpaid parental leave either alone or in combination with paid maternity leave if available, fathers overwhelmingly did not. While 67% of eligible female employees accessed unpaid parental leave, just 6% of eligible males used unpaid parental leave. Furthermore, another 12% of mothers used other unpaid leave, whereas just 4% of fathers did. There were also clear differences by gender in the length of unpaid leave taken, mothers took an average of 35 weeks unpaid parental leave; fathers took an average of 14 days unpaid parental leave.

Table 4.1 Use and average duration of forms of leave taken at the time of the birth of a child, mothers of children born March 2003 – February 2004, Australia

<table>
<thead>
<tr>
<th>Type of leave</th>
<th>All employees</th>
<th>12 months continuous employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% taking leave</td>
<td>Ave duration (weeks)</td>
</tr>
<tr>
<td>Maternity leave – paid</td>
<td>37</td>
<td>11</td>
</tr>
<tr>
<td>Maternity leave – unpaid</td>
<td>57</td>
<td>35</td>
</tr>
<tr>
<td>Any maternity leave</td>
<td>68</td>
<td>35</td>
</tr>
<tr>
<td>Other leave – paid</td>
<td>38</td>
<td>7</td>
</tr>
<tr>
<td>Other leave – unpaid</td>
<td>11</td>
<td>31</td>
</tr>
<tr>
<td>Any leave</td>
<td>76</td>
<td>40</td>
</tr>
<tr>
<td>N</td>
<td>2144</td>
<td>1705</td>
</tr>
</tbody>
</table>

a Figures have been weighted to account for non-response bias; percentages represent the proportion of the base population taking any of the specified leave type, with average duration based on those who took at least some of that kind of leave.
b ‘Other’ refers to leave not designated as ‘maternity’ leave. Other forms of paid leave include annual leave, long service leave and sick leave.
c Base populations ‘all employees’ and ‘12 months continuous employees’, unweighted.
Source: The Parental Leave in Australia Survey (Whitehouse et al., 2005), conducted in conjunction with LSAC Wave 1.5.
### Table 4.2 Use and average duration of forms of leave taken at the time of the birth of a child, fathers of children born March 2003 – February 2004, Australia

<table>
<thead>
<tr>
<th>Type of leave</th>
<th>All employees</th>
<th>12 months continuous employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% taking leave</td>
<td>Ave duration (weeks)</td>
</tr>
<tr>
<td>Paternity leave – paid</td>
<td>24</td>
<td>7</td>
</tr>
<tr>
<td>Paternity leave – unpaid</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>Any Paternity leave</td>
<td>30</td>
<td>9</td>
</tr>
<tr>
<td>Other leave – paid</td>
<td>62</td>
<td>13</td>
</tr>
<tr>
<td>Other leave – unpaid</td>
<td>6</td>
<td>18</td>
</tr>
<tr>
<td>Any leave</td>
<td>83</td>
<td>18</td>
</tr>
<tr>
<td>N</td>
<td>2144</td>
<td></td>
</tr>
</tbody>
</table>

a Figures have been weighted to account for non-response bias; percentages represent the proportion of the base population taking any of the specified leave type, with average duration based on those who took at least some of that kind of leave.
b ‘Other’ refers to leave not designated as ‘paternity’ leave. Other forms of paid leave include annual leave, long service leave and sick leave.
c Base populations ‘all employees’ and ‘12 months continuous employees’, unweighted.

Source: The Parental Leave in Australia Survey (Whitehouse et al., 2005), conducted in conjunction with LSAC Wave 1.5.

In New Zealand, where parental leave is paid, but the policy is non-gender specific and can be transferred, it is used overwhelmingly by mothers. In the recent New Zealand evaluation, only one per cent of fathers reported taking paid paternity leave, opting instead to take other paid leave, such as annual leave (Callister, 2007: 40). Even in the small number of cases where the full amount had not been used by the mother, the leave was forfeited rather than transferred to the father. These mothers were asked if they forfeited the remainder of the 13 weeks they were entitled to, or did they transfer it to their spouse/partner; the majority, 75 per cent, said they forfeited it.

When mothers were asked if they would consider transferring the leave to their partners,

... 72 percent said they would not consider such a transfer. The main reasons given for this were: that it is more important for the mother to be bonding (67 percent); more important for the mother to be breastfeeding (60 percent); more important for the mother to have a period of recovery from birth (51 percent); and just under half (44 percent) stated that the money available to their spouse/partner would not be enough. (Whitehouse et al., 2005: 39)

Callister (2007) notes that the uptake of leave is limited by a number of factors including: awareness of leave policies; a conscious choice to exit the workforce and ethical obligation to employer; perceived flexibility of paid work to fit around family; and type of role in workplace. In terms of information provision about PPL, friends and family are the most trusted source of information but the Internet and 0800 numbers provide the detail required by parents.
Analysis by Milkman and Applebaum (2004: 60–61) of the relatively recent Californian legislation found there was a significant difference between return-to-work rates in organisations that provide more paid leave than those that did not provide additional benefits:

Overall, 81.0% of workers who had gone on leave returned to work at the same establishment afterward…. But in establishments that provided leave benefits beyond those required by law, 87.7% of workers returned to their jobs following a leave, whereas only 75.8% returned in establishments that did not provide benefits beyond those required — a statistically significant difference.

Further, they report that ‘small businesses with extensive benefits did have significantly higher employee retention rates, however, with an average of 95.4% of employees returning to their jobs following a leave’ (p. 62).

Another trend apparent in leave policy is the development of long leaves, sometimes up to two to three years. Morgan and Zippel (2003) caution that these can be disadvantageous to women as these types of leave do not usually provide earnings-related benefits and are paid at a low, flat rate, if at all. They ‘provide only a weak valuation of care while undermining women’s place in paid employment’ (p. 77):

The countries that have instituted care leave are Austria, Finland, France, Germany and Norway, once again cutting across welfare regimes. It is not particularly surprising to find conservative-corporatist Austria and Germany promoting care leave, consistent with other policies that favour the traditional gender division of labour. However, the social democratic states of Finland and Norway have also embarked on care leaves, despite a long tradition of promoting women’s employment and extensive childcare services. (Morgan & Zippel, 2003: 77)

Evan’s (2007) similarly argues that long (over a year) parental leave continues to disadvantage the economic prospects of women who will bear the consequences of discontinuities in their job record and less accumulated work experience. While it may be reasonably argued that this is a legitimate choice, the long-term goals of gender equality suggest that public policy efforts are much better directed toward ensuring the availability of affordable and high quality child care.

The UK now provides 39 weeks paid maternity leave (to be extended to 12 months by 2010), and two weeks paid paternity leave; and the right of parents of preschool age children to request flexible working arrangements was extended to some carers of adults earlier this year. Commenting on these changes and the impact on gender equity Himmelweit (2007) cautions that there are unintended consequence of the changes which may further embed gender specific roles both at work and at home. She argues that the evidence that 78 per cent of requests are either fully or partly accepted suggests that employers may be more willing to accept changed working conditions — but for females more than males. Despite these policy initiatives, the concern remains among those interested in gender equity in the UK that unless women and men have the opportunity to participate equally in work and care, such policies can continue to reinforce gendered care
stereotypes, disadvantaging women over men, especially where there is a lack of universal child care.

**The motherhood pay gap**

Although not resolved, attention has been paid to reducing the gender pay gap in most developed countries. The motherhood pay gap has received less attention but there is evidence that motherhood appropriates a wage disadvantaging and that over a lifetime motherhood has a significant and cumulative effect on female earnings. Not only in human capital terms are mothers’ educational and skill investments not being realised; the issue is arguably of concern with the breakdown of the male breadwinner model and the rise of single mother households, both of which necessitate income earning, economic security and independence for mothers.

Milkman (in press) summarises the current pattern as ‘one of accumulating disadvantage for women, so that the gender gap in pay widens over the life course, particularly for mothers (Valian 1998, Glass 2004). Mothers’ greater labor market disadvantage in part reflects the persistently asymmetric gender division of housework and family care, but there is also accumulating evidence of an employer-driven “motherhood penalty” in the managerial and professional ranks, while fathers in these occupational categories enjoy a wage premium (Correll, Benard and Paik 2007).’

Many mothers return to work part-time, a pattern that also incurs a wage penalty. In a cross-national study of six OECD countries, Bardasi and Gornick (2008: 37) found a part-time wage penalty among women workers in all countries, except Sweden. Other than in Sweden, occupational differences between part- and full-time workers dominate the portion of the wage gap that is explained by observed differences between the two groups of workers. Across countries, the degree of occupational segregation between female part- and full-time workers is negatively correlated with the position of part-time workers’ wages in the full-time wage distribution.

In Australia, ‘wage scarring’ was found by Chalmers and Hill (2007) as a consequence of the part-time work/full-time care strategy of many women. Chalmers and Hill provide in-depth analysis of the effect of part-time work versus full-time work and their findings corroborate recent British research that part-time work experience ‘scars’ women’s future earnings. Based on an analysis of the first wave of The Negotiating the Life Course (NLC) data in Australia, the authors find that part-time work does impinge on wage growth over women’s working lives and furthermore does not lead to financial rewards when they return to full-time jobs.

Chalmers and Hill (2007: 190) argue:

> Our findings suggest that earnings increase with each year of full-time experience, although the annual increment falls with each year of experience. In contrast earnings decrease with each year of part-time experience, although at a decreasing rate. The estimated relationship between years not working and earnings remains negative and linear.
By working part-time women give up the earnings growth they would have achieved through working full-time. Yet they are not remunerated for the work experience they gain on a part-time basis. Indeed part-time work appears to have a scarring effect on their full-time career.

Chalmers and Hill’s analysis found that part-time women workers lose six per cent per year in earnings growth compared to their full-time counterparts and that this loss accumulates to 49 per cent after 10 years.

Using data from the USA, Budig and England (2001) show a wage penalty of seven per cent per child for mothers. They conclude that ‘while the benefits of motherhood diffuse widely — to the employers, neighbours, friends, spouses, and children of the adults who receive the mothering — the costs of child rearing are borne disproportionately by mothers’ (p. 204). This study confirms the results of an earlier study by Waldfogel (1997) where she estimated the motherhood pay gap was six per cent for mothers with one child and 13 per cent for mothers with two or more children.

**Fathers’ use of leave**

As it is recognised that parental leave is used by women far more than men, there is an emerging body of research focusing on fathers’ use of leave.

Tanaka and Waldfogel (2007) studied the effects of leave taking and work hours on UK fathers’ involvement in four specific types of activities: being the main caregiver; changing diapers; feeding the baby; and getting up during the night. They also investigated the effects of policies on fathers’ leave taking and work hours. They found ‘that taking leave and working shorter hours are related to fathers being more involved with the baby, and that policies affect both these aspects of fathers’ employment behaviour’ (p. 409). They concluded that policies that provide parental leave or shorter work hours could increase fathers’ involvement with their young children.

Tanaka and Waldfogel also cite other studies which suggest that class and socio-economic status of fathers relate to leave taking. Workplace factors is another influence:

In one of several empirical studies of the determinants of fathers’ leave-taking in Scandinavian countries, Sundstrom and Duvander (2002), using data on 36,600 children born in Sweden in 1994, found that fathers took longer parental leave if the child is a first-born, or if the father was married, had greater income, or had more years of education. Similar results were reported by Albrecht, Edin, Sundstrom and Vroman (1999), Haas (1992), and Nasman (1992), using Swedish data, and Carlsen (1994), using Danish data. Hass, Allard and Hwang (2002), using Swedish data, found that men’s use of leave was influenced by the organizational culture at their workplace. (Tanaka & Waldfogel, 2007: 412)

They argue their paper provides evidence that such policies may matter. Fathers who take leave after the birth are significantly more involved in the care of their child 8 to 12 months later. Fathers who work shorter hours are also more likely to be involved in the care of their 8-month to 12-month-olds.
They found strong links between the workplace policies available to fathers and leave taking:

Fathers with access to parental leave or paternity leave are five times as likely to take some leave after the birth, as otherwise comparable fathers who did not have such rights. And fathers who had access to flexible hours policies work significantly shorter hours, although the magnitude of this effect is small. These results suggest that policies that provide leave coverage may result in fathers being more likely to take leave post-birth and more likely to be involved in their child’s care at 8 months to 12 months, while policies that provide flexible hours options may result in fathers working shorter hours and being more involved in their child’s care. (Tanaka & Waldfogel, 2007: 421)

In the Australian analysis of fathers’ leave taking Whitehouse, Diamond and Baird (2007: 392) found that of interest is ‘the propensity of fathers to utilise “other” (that is non-parental) forms of leave: 62% of fathers used some other paid leave (primarily paid annual leave) compared with 38% of mothers.’ They conclude that

at the most basic level, we observed that a high proportion of Australian fathers do take some leave at the time of the birth of a child, but that very few use any of their statutory parental leave entitlements unless a proportion is provided as paid leave by their workplace. Simply offering the existing parental leave entitlement, or a substantial proportion of it, as paid leave thus appears to be an essential, if not sufficient, step in encouraging fathers to take leave for parental purposes. (p. 401)

To address the gender inequity in leave taking and influence fathers to use parental leave policies, a number of Nordic countries have introduced specific father leave, sometimes in quite innovative ways. As Kell (2006: 5) notes:

Provisions mostly in the Nordic countries have provided the greatest opportunities for gender equity: for example, in Iceland, each parent now has an individual entitlement to three months’ paid leave that is non-transferable to the other parent. Eligibility includes all parents who have been economically active before the birth. A further three months of paid leave is available as a family entitlement, for the parents to distribute between themselves. Thus a high profile aspect of this policy is gender equity between the parents regarding the entitlement to leave, with the underlying focus that whoever takes the leave available via the family entitlement, the state safeguards up to nine continuous months of parental care for the child.

Several countries have gone further to induce fathers to take time off, and to increase the amount of time they take off, when they do. Taking some of the paid paternity leave entitlement is now compulsory in Belgium (3 days), Portugal (5 days) and Slovenia (15 days). In most countries paternity leave is non transferable, so it is lost if not taken.

Iceland is increasingly recognised as the most gender equitable system. In Iceland there has been no statutory paternity leave, but since 2000, three months of the paid parental leave is separately available for mothers and fathers at 80 per cent income replacement, as well as 13 weeks each year of unpaid child care leave for fathers (and for mothers) until the child reaches eight years. The change was introduced by Parliament with the objective of
equalising rights to parental leave as a necessary step in creating the possibilities to balance family and work.

In a recent analysis of the changes, Eydal (2007) sees the new law as a success with the mean number of days Icelandic fathers now use has increased from 39 (in 2000) to 95 (in 2005). The number of days mothers use has correspondingly fallen from 186 (in 2000) to 175 (in 2005).

Eydal (2007: n.p.) concludes with the following statement:

The official statistics show that Icelandic fathers use their entitlements and welcome their new rights. In addition, the overall conclusion from the first results of the study on the effect the new policy is that there is a clear tendency towards an increased equality regarding both work and care for parents of children under 3 years old.

Another of the more notable arrangements is in Finland, where to access the bonus parental leave of 12 extra days, fathers must take the last two weeks of their paid paternity leave. The paid paternity leave entitlement is 18 days, so this means they must take it all to qualify for the bonus. This policy initiative is credited with a sharp rise in the number of men taking parental leave (from 1700 in 2002 to 5300 in 2004), although the average total length of leave taken by fathers has fallen from 64 working days in 2002 to 29 in 2004. In Finland, parental leave is taken more often by men with a good employment position and a high level of education. Take-up is highest among men over 30, working in the public sector, in science or health care jobs, although men in higher-status occupations take shorter leave on average than less-educated men in lower status jobs.

In Portugal, five of the 20 days are now obligatory and the use of the other 15 has risen rapidly; and in Sweden a large block of paid parental leave forms part of the quota for each parent (60 days for each parent, followed by another 360 days for parents to share) plus a further 18 months of unpaid leave for each parent.

Sweden’s 1995 non-transferable parental leave provisions increased the number of fathers who take up paid parental leave; Björnberg (2002: 40) reports that 70 per cent of the fathers whose children were born in 1995 have taken parental leave, in comparison with 30 per cent whose children were born in 1993 and 1994.

Moss and O’Brien (2006) note that it is only when part of a family’s paid parental leave entitlement is designated for fathers only, and the rate of benefit is high, do fathers appear to take the leave to any great extent.

Kell (2006) notes the extension of fathers’ rights in the period 2005–06 in:

- Hungary — the introduction of five days paternity leave
- Iceland — major reform of leave policy has restructured leave so that all fathers were entitled to the same amount as mothers, i.e. three months
- Slovenia — half of parental leave recognised as the father’s own right and the introduction of paid paternity leave lasting 90 days (though due to budget constraints, this right was implemented gradually)
The Eurobarometer report by the Directorate General Employment and Social Affairs European Commission (2004) has found that the majority of fathers across the EU are failing to take up their entitlement to parental leave. Of the 2819 men asked across 15 member states, all of whom either had a child or whose partner was expecting a child, an average of 84 per cent had neither taken nor intended to take parental leave. The figure was particularly high in Germany and Spain, where the figure was 90 per cent and 95 per cent respectively (note that in Germany there is no separate right for fathers other than parental leave). It appears that the main reasons for not taking parental leave were lack of finances and concerns over career progression. Almost one-third of those asked felt that their career would be adversely affected if they chose to take parental leave. This concern is not only disappointing in itself but also further indictment of the negative attitude to child care responsibilities generally which are already recognised as capable of holding women back in employment.

According to the Eurobarometer survey, 80 per cent of UK working fathers asked had not taken and would not consider taking parental leave. DTI figures for 2004 showed that in the UK only one fifth of eligible fathers had taken up their right to paid paternity leave. This figure was some way short of the 70 per cent take-up that had been predicted when the right came into being in April 2003. In September 2004, Patricia Hewitt, secretary for Trade and Industry announced government proposals to increase family friendly-rights including an increase in statutory paternity pay.

A recent survey undertaken by the Chartered Institute of Personnel and Development together with Hammonds (2004) has shown that in the UK 53 per cent of employees consider the current paternity leave period to be about right. There is some clear indication, however, that the existing right would be more widely used if there was an increase in the rate of statutory pay. While fewer than 50 per cent would take paternity leave at the present rate, 80 per cent would take paternity leave at 90 per cent of their full pay and 87 per cent if leave was at full pay (p. 5).

Financial concerns and social stereotyping remain relevant factors across the EU. In France, there has been an increase in the uptake of parental leave and paternity leave by working fathers but the Eurobarometer survey still showed that 85 per cent had not and were not thinking of taking parental leave.

The Eurobarometer survey indicates that 90 per cent of German fathers asked had not taken and were not thinking of taking parental leave. Again, social factors are at work alongside financial considerations. German fathers made up the largest proportion of those polled in the European survey who felt that they should not take parental leave because their wives ‘would do a much better job’ than they would of looking after the children.

**Impact on class**
In 2001 Canada more than tripled the length of its paid parental leave (from 10 to 35 weeks), available to either eligible parent. When combined with maternity benefits, a total of 50 weeks of paid leave is now available in the first year of a child’s life to those who meet the qualifications for employment-based social insurance.

Evans (2007: 122) argues that the changes exacerbated gender and class decisions to use the benefits:

Not surprisingly, class differences are apparent in women’s take-up of parental benefits. Women who are not eligible for benefits, including those who are unemployed, those who have not accumulated sufficient hours to qualify and those who are self-employed, are not randomly distributed across the socioeconomic spectrum. They are more likely to have low levels of formal education, to be single parents or to be women belonging to visible minorities.

Evans (2007: 123) reports that in 2001 ‘Canadian women working full-time, throughout the year, had annual earnings that averaged $35,258, which is 18 per cent less than their male counterparts who earned $49,250; the gap is of course wider for women who work part-time and/or part-year. A low replacement rate coupled with a low maximum on earnings does not go very far to compensate for a fall in household income that is steeper as earnings increase. However, the ceiling does contribute to narrowing the gender gap in the average benefit received: the gap narrowed from 20 per cent difference between the benefits mothers and fathers received in 1999–2000 to 17 per cent in 2002–2003.’

Evans (2007: 120) argues that:

Whatever the objectives (implicit and explicit) that motivate particular parental leave programmes, the programmes shape, as well as reflect, gendered patterns of responsibilities for paid and unpaid work. Depending on the design, they may support or combat the highly visible gender imbalance in the care given to children. They can encourage or inhibit women’s paid work, and they can promote or discourage men’s unpaid work. Parental leave programmes can also reduce or exacerbate class inequalities, depending on the specific conditions of benefit entitlement (e.g. qualifying criteria and level of earnings replacement). Lastly, parental leave programmes may shift the mix of private and collective forms of responsibility for the care of children.

And Evans concludes that

A low earnings replacement rate makes it more difficult for low-waged women (particularly single mothers) to remain out of the workforce. Their ‘choice’, inevitably, is considerably more constrained than that of their married, and usually better-off, counterparts. A benefit that replaces full earnings up to a maximum does not eliminate the disadvantage that confronts mothers (and fathers) who are low-wage workers. However, it does prevent the frequently steep decline (in income) that individuals face when replacement rates are low. (p. 124)

Evans also argues that although fathers’ leave policy may not change the domestic division of labour, it can have an influence on sifting social norms:
A father’s only portion of parental leave does not necessarily alter the gender division of household work after the leave is completed, but it does underline the expectation that men, as well as women, should provide care for children. It also plays a part, albeit small, in redistributing the time that fathers and mothers spend in their paid employment. (p. 127)

Conceivably, once social norms change, there is also more pressure over time to change workplace norms.

Evans’ conclusions about class are mirrored in New Zealand. Callister’s (2007) New Zealand evaluation found that well-educated, higher-earning women in the core labour market were the group most likely to be fully eligible for PPL. This reflected the eligibility criteria:

The ineligible employed were less likely to belong to a union, casual and more likely to be multiple jobholders. Only 30 percent of the ineligible workers were in managerial or professional occupations against half of those who were fully eligible for PPL. (Callister, 2007: 160)

Using the LSAC time-use data, Baxter et al. (2007) show that the time demands are greatest when children are in their first year of life and fall disproportionately upon mothers. This lends support to the need for mothers to have one year of maternity leave.

Baxter et al. conclude that mothers’ hours of employment reduced their time with children but not in proportion to the extra time demands of their jobs. In contrast, fathers’ time with their children was only increased under the unusual circumstance of less than full-time employment, and not much affected by the difference between standard full-time hours and very long hours of work. There is some recognition of how partners try to compensate for each other’s work demands and it is likely that social attitudes and, therefore, the expectations that mothers and fathers have of each other are still in flux.

4.4 Workforce capacity and workplace performance

There is limited research on the direct impacts of maternity, paternity and parental leave schemes on workforce capacity, performance outcomes and employer attitudes. One of the oft-quoted studies of the influences on female labour force participation is that of Jaumotte (2004). In order to address the issues of employer acceptance and workplace performance, much of the information below is sourced from recent evaluations of the New Zealand and UK systems where, until relatively recent changes, employer provision has been a characteristic of the system rather than the contributory social insurance schemes that operate in much of Europe.

Some of the points which come through consistently in the research are:

- Low awareness and knowledge of policies, especially among small employers; more knowledge in public sector than private sector.
- Maternity, paternity and parental leave does not affect every employer — especially not every small employer.
Employer acceptance high once policy is in place.
Existence of policy allows better planning.
Cover of employees on leave can be difficult; for small employers particularly. Some New Zealand evidence that periods longer than six months are harder to cover.
Not much information on collective bargaining and employer supplements to maternity, paternity and parental leave.
Top-up pay and additional maternity leave benefits are more likely in public sector.
Fathers take less paternity leave, often use annual leave — few reported problems with fathers taking paternity leave.

Workforce capacity

Jaumotte (2004) undertook a comparative analysis of labour market participation rates of women and work and family arrangements in various OECD countries. Her analysis shows that many OECD countries have higher levels of labour force participation among prime aged women than Australia, ranging from a few percentage points to over 10 points. In her regression analysis of labour force participation in 17 OECD countries over the period 1985 to 1999, controlling for female education, proportion of married women, number of children, and overall labour market conditions Jaumotte finds potential determinants of participation include:

- the availability and length of paid parental leaves
- flexibility of working-time arrangements
- the taxation of second earners
- child care subsidies
- child benefits.

These form a package of work and family policy arrangements which affect female labour participation. Jaumotte concludes that among other improvements such as changes in tax arrangements, improvements in child care and availability of part-time work, that

… the provision of paid parental leave also tends to boost female labour participation, by helping women to reconcile work and family life and strengthening their attachment to the labour market through a job guarantee. However, taking parental leave for an extended period of time may deteriorate labour market skills, and damage future career paths and earnings. Beyond 20 weeks, the marginal effect of additional parental leave on female participation appears to become negative. (p. 93)

Employer acceptance

According to the evaluation of New Zealand’s Paid Parental Leave (PPL) by Callister (2007: 5)

… the majority of employers, and especially small employers, have very little experience of women taking PPL. Large employers are more likely to have formalised policies and
systems in place to manage parental leave, and are more likely to have greater knowledge of their legal obligations. Small employers are more likely to consider parental leave on a case-by-case basis. Employing someone to cover the position of an employee on parental leave is one of the most difficult aspects to manage for employers. Small and medium enterprises are more likely to find this difficult and prefer to re-allocate work across existing staff rather than try to hire someone to temporarily fill the role.

Two-thirds of employers agree that PPL allows them to plan and manage workloads with greater confidence.

As noted above, although the New Zealand system is not gender specific, just one per cent of fathers take parental leave.

In New Zealand employers are more supportive of changes to working patterns for fathers around the time of the birth, rather than on a long-term basis.

Knowledge about the policies among employers is low and there is some confusion around eligibility criteria among all mothers and some employers (small and medium enterprises). And many employers (especially small and medium enterprises) reinforce the attitude that it is up to mothers to find out about it and complete the application.

Managing more than six months leave was difficult for employers. For most employers, if mothers extend their leave beyond six months, while the employers are legally required to hold the position open, making suitable arrangements to cover the role without finding a permanent replacement can be difficult.

Covering employees while they are on leave was also expressed as a problem by UK employers. In the UK, employers’ responses to managing maternity leave were surveyed (Hayward et al., 2007) with the following findings:

- One-third of workplaces had a recent pregnancy, with higher incidence in the public sector than the private sector. Very few employers (2%) reported problems with the maternity scheme.
- Return to work was high with more than 80% of women return to same job.
- Twenty per cent of employers found it difficult to hold the job open; this was more likely in private sector and small firms. The most common reason was difficulty in ‘finding staff to cover job temporarily (67 per cent). Other problems were that it was ‘expensive to hire temporary staff to cover maternity leave (12 per cent), business performance was adversely affected (nine per cent); and that absence of experienced staff on maternity leave left a skills gap in the organisation (eight per cent)’ (p. 450).
- Of UK employers 47 per cent provide re-training scheme for mothers and 44 per cent run a keep-in-touch scheme.

In the USA, Widener (2007: 60) says that

The bipartisan federal Commission on FMLA reported that 90 percent of employers found administering the leave to be ‘easy’ or ‘somewhat easy.’ Eighty-nine percent found they incurred ‘no cost’ or ‘small costs,’ and 86 percent reported ‘no noticeable effect’ on
profitability and growth. Rather, a significant number reported improvements in productivity and advancement after implementing FMLA. Research, in fact, shows businesses may actually end up saving money by decreasing turnover and increasing employee retention. Employer support, flexible work arrangements, paid family leave, positive relationships with co-workers, and quality child care are key factors that have been shown to correlate with effective and productive job performance.

In Australia the Managing Work/Life Balance International, Work/Life Initiatives (2007) *The Way Ahead Report on the year 2007 Survey* reported that many businesses have already implemented family-friendly flexibilities over a number of years with 54% of best practice organisations saying that their work/life strategies have contributed to a reduction in staff turnover and with 76% reporting that flexible work practices have a positive impact on productivity and enables them to attract and retain the best talent. Further, the Australian Federal Government Office for Women, *Better Conditions, Better Business: Report on Carer and Family-Friendly Provisions in Australian Small and Medium Enterprises*, Commonwealth of Australia, 2007 reported that 73% of small and medium-sized businesses reporting high levels of business performance offered their staff flexible start and finish times and 83% offered flexible annual leave allowing employees to choose the timing of their leave.

In relation to performance Allewell and Pull (2001) unpack the direct and indirect cost of comparative maternity leave systems accruing to the employer.

Across the international research the following criteria emerge as indicative of higher employer acceptance of paid maternity, paternity and parental leave schemes:

- reduction in employee turnover
- short-term changes to male work patterns around the time of the birth
- being able to re-allocate work across existing staff rather than try to hire someone to temporarily fill a parental leave role
- having access to formalised policies and systems in place to manage parental leave and be aware of legal obligations
- having a workforce structure that enables on-going flexibility to be negotiated, including flexible working hours.

Baird and Litwin (2005: 387) suggest both a potential and contradictory link with performance, based on other studies of high performance work systems:

We know of no study that isolates the impact of paid maternity leave policy on establishment or firm performance, partly because such a policy would more effectively deliver results as part of a larger patchwork of employment practices (Becker & Huselid, 1998; MacDuffie, 1995). So called high-performance work systems (HPWS) might include an entire bundle of flexibility policies aimed at inducing attachment and other productivity-enhancing behaviours, with the ultimate goal of increasing firm performance. While Perry-Smith and Blum (2000) uncovered a link between extensive work-family policies and perceived organizational performance, other studies have found that policies aimed at increasing one’s ability to coordinate work and family roles actually increase feelings of work-family conflict, especially for women (Batt & Valcour, 2003; Williams, 2000). Furthermore, in order for paid
leave provisions to generate value for the firms offering them, these policies would have to yield sustainable competitive advantage (Porter, 1985).

In relation to collective bargaining and the provision of paid maternity leave there is not much research internationally, probably because most countries have a social insurance scheme and don’t rely on employer top-ups or supplements. In Australia, Baird (2003) has analysed the pitfalls and potential of collective bargaining and provision of paid maternity leave — with ‘good, bad and ugly’ outcomes.

In some countries, leave is especially set aside for fathers. For example, in Norway, four weeks of the parental leave entitlement is for fathers only, known as ‘daddy days’, unpaid by government but paid via collective agreements, although this occurs mostly in the public sector.

‘Some collective agreements, principally those in the public sector, do in fact improve upon statutory provisions, and especially in relation to the issue of economic compensation.’ The National Insurance Act compensates for loss of pay during parental leave up to an amount equivalent to six times the national insurance base rate. Agreements concerning employees in the public sector such as national, municipal administration (and some agreements in private sector) stipulates that employers are obliged to compensate for loss of income for employees with incomes that exceed the maximum amount established in law. (See Norway: Parental leave provisions and the framework agreement on parental leave of December 1995, retrieved from <http://www.eurofound.europa.eu/eiro/1998/01/word/no9711132s.doc>)

4.5 Fertility

Overview

The research on fertility rates indicates that there is no simple or direct correlation between paid maternity, paternity and parental leave policies and fertility rates. Three conclusions can be drawn from the research. The first is that the relationship between maternity leave and fertility rates is complex and the causal relationship between the two is insignificant. The second is that cash payments may impact on fertility, but on the timing of the first child rather than the total number of children. The third is that the interplay of social norms and public policy in affecting fertility outcomes should not be underestimated.

The research

The link between the provision of paid maternity leave and the national fertility rate is complex as evidenced by the fact that Iceland, with its excellent provision of paid maternity, paternity and parental leave has a replacement level of 2.1 and yet, the USA which has no paid maternity, paternity or parental leave apart from California, has a national replacement level of 2. Also, as Moss notes, fertility rates are particularly low (below 1.5) in Germany, Greece, Italy and Spain which all provide paid maternity,
paternity and parental leave. This is because the impact of such policies are moderated by other factors such as: trends to lower and later childbearing because of higher female educational attainment and desire to be economically active and financially independent; labour market insecurity, difficulties in finding suitable housing and affordable child care; and difficulties in combining parenthood and paid employment. Accordingly, policies have to respond to a multiplicity of factors delaying childbirth and they do contribute to the environment in which child-bearing decisions take place: ‘they may help parents to overcome the obstacles to childrearing that they face in everyday life – or create new constraints that accelerate the decline in birth rates.’ (OECD, 2007a: 5)

We note that the 2007a OECD Policy Brief Can Policies Boost Birth Rates? concluded that:

Research for 16 OECD countries over a twenty-year period shows that birth rates are high in OECD countries where cash transfers to families are high, replacement wages during parental leave are high, female employment rates are high and more women are working part-time. Conversely, birth rates are low where unemployment is high, the ratio of the female-to-male wages is high and periods of parental leave are long — as longer periods of detachment from the labour market increase the difficulties of re-entering the labour market, especially for the women who are better educated and in better-paid jobs. An analysis based on cross-section data also suggests that birth rates are higher in OECD countries with a higher enrolment in formal childcare. (p. 6)

In a comprehensive and recent review of the empirical evidence on the relationship between policies directly targeted at families such as cash transfers, means-tested child welfare payments, maternity and parental leave benefits and child care facilities, Gauthier (2007: 323) finds that overall:

studies provide mixed conclusions as to the effect of policies on fertility. While a small positive effect of policies on fertility is found in numerous studies, no statistically significant effect is found in others. Moreover, some studies suggest that the effect of policies tends to be on the timing of births rather than on completed fertility.

In specifically attending to studies on impact of work-related variables such as maternity and paternity leave, Gauthier (2007: 339) says:

Results are mixed, with some concluding that work-related benefits have a small positive impact on fertility, and others finding no evidence of an impact of policies on fertility. With regard to parental and maternity leave, Hyatt and Milne (1991) estimated, on the basis of Canadian data, that a one-percent increase in the real value of maternity benefit would result in an increase in the total fertility rate between 0.09% and 0.26%. Studies by Ronsen (1999, 2004) on Finland and Norway and by Hoem (1993) on Sweden also concluded there was a positive impact of parental leave on fertility. In contrast, a study by Hoem et al. (2001) on Austrian data revealed no overall effect of changes in parental leave on fertility apart from an increase in the tempo of third births. (p. 339)

With regard to family cash payments (e.g., baby bonus or child allowance or tax credits) Gauthier’s analysis concludes that the impact on fertility is small and that ‘very
importantly, studies using macro-level data have furthermore concluded that the impact of policies on fertility is most likely on the timing of births rather than on the total number of children’ (p.334).

In an Austrian study by Lalive and Zweimüller (2005) of mothers’ fertility and return-to-work patterns, the authors were able to draw on a ‘natural experiment’ because of Austrian policy change. In 1990 Austria extended the maximum duration of parental leave from 12 months to 24 and then a subsequent policy change was introduced in 1996 and maximum parental leave duration was reduced to 18 months. An important feature of the Austrian parental leave system is the possibility of automatic renewal of parental leave benefits as long as the mother is still on parental leave from a previous child.

They found ‘that mothers have a 4.9 percentage points (or 15 percent) higher probability to get an additional child within the following three years; and a 3.9 percentage points higher probability in the following ten years. This suggests that not only the timing but also the number of children were affected by the policy change.’ (p.1). They also found ‘that parental leave rules have a strong effect on mothers’ return-to-work behavior. Per additional months of maximum parental leave duration, mothers’ time off work is reduced by 0.4 to 0.5 months.’(p.1)

With specific reference to Australia, Gray et al. (2008) point out:

There has been a great deal of discussion as to whether the recent up-turn in fertility rates in Australia is a direct result of government initiatives in the area of assistance to families (especially the Baby Bonus) ... the level of financial support that the Australian Government provides to families with children has increased substantially, a factor that appears to be positively related to fertility rates. While the research evidence about this question is limited, McDonald (2006a) reported that early data on the introduction of the Baby Bonus indicate that ‘in the first full quarter in which births could have been affected by the new payment (June Quarter 2005), there was an increase of 10 per cent in the number of births compared to the same quarter in the preceding year’ (pp. 224–225). This is consistent with the findings of studies from a range of countries into the impact of this type of maternity payment on fertility rates (e.g., Adkins, 2003; Gauthier & Hatzius, 1997; Milligan, 2005). Although there is some evidence that the maternity payments had an impact upon fertility, it is difficult to determine whether this was caused by changes in the financial incentives to have children or by the publicity around the payment that emphasised more broadly the importance of having children to the parents and society. (p. 16)

Indeed recent analysis of the data from the Household Income and Labour Dynamics in Australia Survey suggest that the Baby Bonus exerted a small though positive and significant effect on fertility (Drago et al., 2009). Notwithstanding such findings, Gray et al.’s (2008) last comment in the preceding paragraph is notable because it questions the notion of direct causality between the Baby Bonus and fertility increase and considers that other issues may be at play, especially social context. Thus, it is important to reflect on the interplay between policy context and social norms and expectations.

Gray et al. (2008) conclude that:
Macro-level factors associated with higher fertility rates across countries include a strong economy and relatively low unemployment rates, a higher level of wage replacement during maternity leave, higher levels of government payments to families that reduce the costs of children, a higher rate of female employment (particularly maternal employment), higher use of non-parental child care, and a higher proportion of female employment being part-time.

An important message to be taken from the research is that a number of OECD countries with very different characteristics, economic and social policies have fertility rates that are around 1.7 to 1.8. This demonstrates that there is no unique set of specific policies associated with the achievement of such fertility levels in OECD countries. (p. 28)

Australia’s fertility rate at 1.8 is at the higher end for OECD countries and is comparable with those of a number of European countries, particularly those in Scandinavia, except for Iceland which has a fertility rate of two. New Zealand and the USA have a similar fertility rate to Iceland.
Part 5  Models for Australia

5.1 Exemplar paid maternity, paternity and parental leave models (or aspects of models) for consideration in the Australian context

Based on the evidence presented above some country models stand out as possible exemplars for Australia. These are listed below with a brief description of the scheme.

Table B in Appendix B sets out leave type, duration, eligibility, payment and funding for these exemplar models. We have also assessed each of these models in the table for flexibility and according to the criteria identified in section 3.4 above.

1. Denmark — as an illustration of full replacement earnings.
   In Denmark women are entitled to 18 weeks of paid leave at a high replacement rate, men are entitled to two weeks paid paternity leave, and families are entitled to 32 weeks paid parental leave, also at a high replacement rate (100 per cent of earnings, up to a ceiling). Subject to agreement with employer, this period can be extended to 46 weeks, payable a reduced rate, to enable the relevant parent to return to work part-time.

2. Iceland — as an example delivering gender equality
   Iceland offers three months paid leave to each parent and a further three months to be shared. The OECD (2007b) commented that Denmark and Iceland have the most effective public policies and workplace practices that promote a healthy work and family balance.

3. Sweden — as an illustration of ‘daddy leave’ and best practice in terms of leave duration and high wage replacement.
   In Sweden women are entitled to 60 days of paid leave at a high replacement rate, 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. Sweden has mandated that at least two months of parental leave is a ‘use it or lose it’ option for fathers and fathers’ take-up rates of parental leave is comparatively higher than in countries without the use-it-or-lose-it option (see Kamerman & Gatenio, 2002).

4. United Kingdom — because of Australia’s cultural similarity and the UK’s recent and ongoing reforms (moving closer to the Swedish model)
   Since 1 April 2007 (the Work and Families Act 2007) the UK provides paid maternity leave for 39 weeks. (This is an increase from 26 weeks with a plan to extend to 52 weeks by the end of the current Parliament.) The pay is made up of a statutory maternity pay: six weeks at 90% average earnings (no ceiling) and 33 weeks at lesser of £117.18 (€165) or average earnings, 13 weeks unpaid maternity leave, two weeks paid paternity leave and 13 weeks unpaid parental leave (which can be taken until the child is five).
Up to 10 ‘Keeping-In-Touch Days’ were also introduced where employees can work up to 10 days without affecting their statutory entitlement to pay or leave.

5. New Zealand — because its model is the closest to that which was favoured for Australia by HREOC.

The original 1980s New Zealand legislation provided job protection to eligible mothers, and later partners (1987), on the birth or adoption of a child but provided no period of paid leave. In 2002 the New Zealand government introduced paid parental leave, initially for a period of 12 weeks. Since 2005, 14 weeks of job protected PPL is available to eligible parents. Further changes with the aim of moving towards a more integrated leave framework and streamlined parental leave scheme are under consideration (Callister & Galtry, 2006).

To be eligible for PPL, employees must have worked continuously with the same employer for an average of at least 10 hours a week (including at least one hour in every week or 40 hours in every month) in the six or 12 months immediately before the baby’s expected due date or the date the employee has assumed the care of a child they intend to adopt.

Eligibility for PPL is primarily determined through the birth mother. However, if their spouse/partner (including same-sex couples) fits the eligibility criteria the mother can transfer part or all of the leave to them. In the case of joint adoption, the spouse/partner can be nominated as the primary caregiver.

For the self-employed in New Zealand to be eligible for parental leave payments, a birth mother/adoptive parent has to establish that they had worked an average of at least 10 hours a week over the six or 12 months immediately before the expected date of delivery or adoption of a child.

New Zealand provides paid parental leave at a gross weekly rate of pay up to a ceiling of NZ$391.28.

6. California — as an example of employee only funding

The Paid Family Leave Law was passed by the Californian state legislature in 2002, and took effect from 1 July 2004. All employees compulsorily contribute up to $US65 p.a. This provides for six weeks of paid maternity leave calculated at 55 to 60% of earnings up to a ceiling of US$840 (€620). This entitlement co-exists with California’s state-administered Temporary Disability Insurance (TDI), so pregnant women may be eligible for insurance benefits pregnancy leave in addition to disability leave. Insurance coverage is nearly universal (except public sector employees who are usually covered by some employer funded paid leave are ineligible) and the insurance can be used by mothers, fathers and adoptive parents. Additionally, self-employed people may opt into the insurance scheme.

The scheme does not offer any employment protection (though it co-exists with the Family and Medical Leave Act which does). The work requirements before accessing
the benefit are very minimal with workers only needing to have earned $300 in the ‘base period’ before filing a claim.

It will be interesting to monitor whether the fact that employees are only eligible for 55% of their usual weekly salary will hinder the participation of single parents and low income earners in the scheme. Additionally, the benefit is taxable, so particularly for higher income employees the benefit is less than 55%.

7. The Netherlands — because of its flexible return-to-work model
The Netherlands offers 16 weeks paid maternity leave, two days paid paternity leave, and 13 times the number of working hours per parent per child by way of unpaid parental leave which can be taken up until the child’s eighth birthday.

5.2 A model for Australia

Rather than providing a definitive model for Australia, we set out the main principles and characteristics that an Australian model should consider. The feasibility of a model for Australia must take into account the proposed model’s ‘fit’ with the history and funding regimes of the country, workforce participation targets and the extensive research regarding which models of paid maternity, paternity and parental leave are optimal in terms of the physical, emotional and social wellbeing of Australian working families. The feasibility of any proposed model will also be influenced by its economic viability.

The model parameters proposed below are founded on the specific Australian political, economic and social policy landscape. The model is proposed on the basis of the following principles:

1. To protect and enhance infant care, wellbeing and longer-term behavioural outcomes.
2. To acknowledge and facilitate women’s and men’s dual roles as active labour market participants and active parents with caring responsibilities.
3. To enable mothers and fathers to participate more equally in the parenting of their children.
4. To build the workforce capacity of the nation by retaining and utilising the human capital of all employees.
5. To improve women’s workforce attachment over the life cycle.
6. To enhance equality between women and men in the workplace and in the home.
7. To provide policy certainty, enable workforce planning and improve performance outcomes for employers of small, medium and large workforces.
8. To ensure that the introduction of the proposed model does not disadvantage workers in comparison to any parental leave rights they previously enjoyed.
9. To enable Australia to meet international standards and obligations.

Based on the evidence and the principles outlined above, an Australian scheme should aim to include the following features:
1. **Duration**

- Aspire to a total of 52 weeks of post-birth paid maternity/parental/adoption leave.
- This would include:
  - a duration of 26 weeks specified paid maternity leave;
  - 26 weeks additional paid parental leave available to either parent.
- Australia should also aspire to an additional ring-fenced four weeks simultaneous paid paternity leave (which can be taken near time of the birth).

2. **Eligibility**

- Have broad and inclusive eligibility criteria.
- Be non-discriminatory towards same-sex couples.

3. **Income**

- Provide 100 per cent wage replacement levels.
- Treat as other forms of income while on leave and tax accordingly.

4. **Funding**

- Provide some element of funding from general revenue to even out market provision. Unlike most other countries, Australia does not have a widespread social insurance system from which to fund paid parental leave. Instead, all employees and employers currently pay tax. Furthermore, the market currently distributes paid maternity and parental leave unevenly and inequitably.
- Accompany government funding by additional provision from employers to enable provision up to income replacement levels on the basis that paid maternity, paternity and parental leave should be considered as employment related entitlements.
- To be organised so that it is compatible with current Australian welfare and employer funding regimes and to alleviate small business concerns.

5. **Return to work**

- Provide for the right to flexible work practices upon return to work until the child is at least two years of age.

6. **Employer responsibility**

- Include a ‘keep-in-touch component’, lactation facilities and a post-maternity re-entry and retraining obligation on employers.
7. Supporting child care

- Provide complementary and integrated child care policies. Government and employer provisions should be coordinated.

8. Review and evaluation

- The scheme should be reviewed and updated periodically in order to maintain and meet community expectations and needs and to keep in line with international standards.

Expected outcomes for Australia

As the model is proposed on the basis of the current available evidence, it is also proposed that if such a paid maternity and parental leave model were introduced the following outcomes could be expected.

Infant and maternal wellbeing outcomes would be strengthened by the specified maternity leave of 26 weeks and, in particular, breastfeeding rates may improve. Furthermore, an extension of parental leave to 52 weeks increases the likelihood of additional parental involvement in the second half of the child’s life when the foundations of behavioural outcomes are laid, thus anticipated improvements in longer-term behaviour outcomes can be expected.

With an increased period of paternity leave which is paid at income replacement levels, fathers’ participation in child rearing and domestic duties can also be expected to increase. The combined effect of these paid maternity and paternity leave policies is not only to improve infant and maternal health over the longer term but also to lead to more gender equitable outcomes in relation to paid work and domestic work.

Given the continuing debates about the prospects for paid maternity (and paternity and parental leave) for Australia, the introduction of a public policy in this respect would settle community concern and, importantly, also provide certainty for employers, enabling them to improve their own plans and future human resource policy directions.

In relation to participation rates and return-to-work rates, guaranteed paid parental leave with job protection can be expected to improve both of these workforce attachment patterns. Accompanying child care and employer policies are also necessary, however. Thus, responsibility on employers to keep in touch with employees on parental leave and to provide organised return-to-work transitions with appropriate training and workplace conditions, such as lactation facilities, is required to realise the best outcomes from the introduction of paid parental leave. Changes in organisational culture with regard to the use of parental leave also need attention.

The international research evidence demonstrates that public policy change plays an important part in changing individual behaviours with regard to workforce participation and social attitudes to work and family responsibilities. Overall, the expected outcomes of
the introduction of paid maternity, paternity and parental leave policies for Australian citizens and workers are improved workforce capacity and utilisation of human capital investments, increased participation rates of females, improved retention rates and therefore capacity for employers to plan future human resource needs and improved gender equity both in the workforce and in the division of labour at home.
Part 6 Conclusion

This research briefing paper focuses on paid maternity, paternity and parental leave policies. It summarises the historical context and current provision of such policies in Australia to date and, using the most current data available, provides comparison with overseas models. An overview of the relevant research on the outcomes of paid maternity, paternity and parental leave across a number of criteria is also included. For the sake of consistency with the Productivity Commission’s Inquiry, the Productivity Commission’s definitions of paid maternity, paternity and parental leave are adopted, although we note that in many OECD countries the provision of parental leave often extends beyond the child’s second birthday.

As a concept, paid maternity leave must be understood as paid leave from work to enable birth, and infant and maternal care. As such it relates to employment and labour force attachment. Job protection is therefore an integral aspect. Paid paternity and parental leave have similar meanings with relation to employment, although paternity leave refers to a father’s ability to participate more directly in parenting generally, rather than being directly connected with infant health. Parental leave tends to refer to allowable time out of work for either parent to participate in caring for their children in the early years of life. Adoption leave is understood to be included in the above definitions.

There are important underlying international standards which are also relevant to the issue of the provision of paid maternity, paternity and parental leave. One of the key articles of the United Nations Convention on the Rights of the Child is for the child ‘to be cared for by his or her parents’. Furthermore, the UN Committee on the Rights of the Child has encouraged the Australian government to ‘review its legislation and make paid maternity leave mandatory for employers in all sectors’. Other key international agencies have similarly noted Australia’s lack of paid maternity leave.

As the summary of country models presented in this report demonstrates, there are considerable differences between national parental leave policies. Typically other countries have followed a different funding path and their models are funded through the social insurance systems. Many of these countries began providing paid maternity leave in the 1970s and 1980s and have continued to update and broaden their schemes to include paternity and parental leave. Furthermore, in the exemplar counties, these parental leave policies are supported by a package of child care and flexibility programs.

In Australia in the private sector, the locus of paid maternity, paternity and parental leave policies is almost exclusively the workplace. In other countries, apart from the USA, while employers may supplement public policy, public policy has led the provision of paid maternity and paternity and parental leave and has been effective in changing parenting behaviours and employer responses. In Australia, the public policy movement, for the most part, has been in the opposite direction with an emphasis on market driven employer-based
family-friendly policies, including the provision of paid maternity, paternity and parental leave.

Without a government-funded scheme, a significant portion of the Australian workforce has no entitlement to paid maternity or paternity leave. As a consequence of the employer-based provision in Australia, only an estimated 35 per cent of mothers at work and 45 per cent of all female employees have access to paid maternity leave entitlements. Approximately just half of employing organisations provide paid maternity leave. The figure is considerably lower for the provision of paid paternity leave. The duration of leave for those with paid maternity, paternity or parental leave entitlements is equally concerning, with many employees having access to less than the currently recognised international standards. Even if the current Baby Bonus was considered as a de facto paid maternity leave scheme, at $5000 it equates with only approximately 9.5 weeks at current federal minimum wages.

Reliance on employer policy or union bargaining for the provision of paid maternity, paternity and parental leave entitlements has resulted in uneven provision of the entitlement across sectors and an uncertainty as to when and where improvements are to be made. However, given the established pattern of employer provision in Australia, it is important to also consider an appropriate way to enable employers and unions to continue contributing to enhancing provisions. There is much scope for this to occur, even beyond extending leaves and increasing pay of specific paid maternity, paternity and parental leave policies. Evidence from within Australia and elsewhere already shows that stay-in-touch programs, lactation facilities and return-to-work training are just some examples of where employer policy can assist the work and family transitions for mothers and fathers.

The research summarised in this briefing paper provides a consistent and valid basis for the development of evidence-based policy. In brief, the research shows that in order to best meet the health and welfare needs of infants and mothers a period of 16 to 26 weeks paid maternity leave is required. Income replacement is the most effective way of addressing equity issues and while this does not overcome all class and gender inequities, a high level of funding goes some way to addressing them. Additional leave up to 52 weeks further enhances child health and behavioural outcomes and maternal wellbeing. To enable fathers to participate in child rearing a period of designated paid paternity leave is a necessary. A period of 52 weeks leave is manageable by employers and is less disadvantageous on women’s longer-term careers and income security.

Evidence from other countries also shows that business both adapt quickly to government policy on paid maternity, paternity and parental leave and can benefit from the introduction of such a scheme. In particular, small business concerns would be alleviated if a government-funded scheme was introduced. There are also anticipated benefits to employers in terms of attraction, retention and satisfaction and commitment from the introduction of paid maternity and paternity leave.

Given the recognised time and income pressures on Australian working families and the labour market capacity shortfalls in the economy, there is an urgent need to address the
lack of paid maternity, paternity and parental leave in Australia. Parental polices elsewhere have moved on since the last public inquiry conducted by the HREOC in 2002 and with a pro-paid maternity leave ‘alliance’ forming between business, unions, women’s groups, it is an opportune time for the Australian government to fund more than the previously mooted 14-week proposal.

It is important to recognise the interplay of paid maternity, paternity and parental leave policies with other state-funded and employer-funded schemes. Overseas experience also shows that the co-provision of universal state-funded or affordable quality early childhood care services is critical. It is not generally sufficient to look at any one criterion of another country’s leave system; rather, it is necessary to consider the entirety of that country’s system. Notwithstanding the need to consider the total policy package, the lack of a paid maternity, paternity and parental leave scheme available to all Australian working women and men is a clear and obvious flaw in the current public policy and one that should be, and can be, rectified in the immediate future.
## APPENDIX A

### Table A.1 Comparison of MATERNITY leave models by eligibility, payment, duration, source of funds and who administers

<table>
<thead>
<tr>
<th>COUNTRY/STATE</th>
<th>ELIGIBILITY</th>
<th>PAYMENT</th>
<th>DURATION</th>
<th>SOURCE OF FUNDS</th>
<th>WHO ADMINISTERS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>All female employees. System for self-employed employees is less advantageous.</td>
<td>Private sector employees: 1 month at 82% earnings plus 75% of earnings for remainder with a ceiling of €82.99/day. Public sector employees: statutory civil servants – full salary; contractual civil servants – as per private sector.</td>
<td>15 weeks (9 weeks compulsory post birth)</td>
<td>SI Employee: 1.15% of earnings Employer: 0.15% of reference earnings(^a) State: subsidy for management of SI system</td>
<td>Federal Department of Employment and Social Affairs</td>
</tr>
<tr>
<td>California</td>
<td>No statutory entitlement to paid maternity leave per se. Embedded in paid parental leave entitlement (see Table A.3)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>Varies between jurisdictions. For most jurisdictions, employees must have worked continuously for same employer for a minimum period (12–13 months). Usually employees who have 600 hours of insured employment in previous 12 months. Self-employed women are not eligible as they do not have 55% of averaged insured earnings over the 6 months preceding the claim(^c) with a ceiling of C$413 (€271) week (C$39000 p.a. in 2008(^d)). Note 2-week waiting period with zero benefits lowers the effective replacement rate (subject to regional variations (Quebec)).</td>
<td>15–18 weeks depending on jurisdiction. May start up 11–17 weeks before baby due</td>
<td>SI Employee: 1.8% earnings. Employer: 2.52% payroll (except Quebec which is funded 0.416% of earnings and 0.593% payroll respectively plus self-employed – 0.737% of tax income).</td>
<td>Federal government provides leave through employment insurance program (Human Resources and Skill Development). Provincial and Territory governments deliver the program (and in some cases, modify it).</td>
<td></td>
</tr>
</tbody>
</table>

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\(^a\) Reference earnings are equal to 100% of the insured’s gross earnings for white-collar workers and to 108% of the insured’s gross earnings for blue-collar workers.


\(^c\) Evans (2007).

\(^d\) Evans (2007).
<table>
<thead>
<tr>
<th>COUNTRY/STATE</th>
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</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>All employees in urban enterprises. (Urban enterprises comprise all state-owned enterprises, regardless of their location.)</td>
<td>Average monthly wage of the enterprise for the previous year is paid by the maternity SI fund for up to 90 days for the birth of a child, 42 days for a pregnancy that lasted at least 4 months (15 to 30 days for less than 4 months), or 42 days for at least 4 months of gestation before an abortion.</td>
<td>90 days</td>
<td>SI</td>
<td>Individual state-run enterprises.</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Employee must have contributed to sickness insurance for 270 days in the past 2 years. Self-employed: as above plus must have contributed to sickness insurance for 180 days in past year.</td>
<td>69% of gross daily wage up to a ceiling of €17/calendar day before birth</td>
<td>28 weeks (6–8 weeks</td>
<td>SI</td>
<td>Social security system</td>
</tr>
<tr>
<td>Denmark</td>
<td>Employees: 120 hours work in 13 weeks preceding leave&lt;sup&gt;1&lt;/sup&gt;</td>
<td>100% of earnings up to a ceiling of 3425 DKK (approx € 460)</td>
<td>18 weeks</td>
<td>Employer for 1st 2 weeks then</td>
<td>Ministry of Social Welfare provides general supervision and national administration</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State&lt;sup&gt;6&lt;/sup&gt;</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Local (municipal) governments administer benefits at the local level&lt;sup&gt;g&lt;/sup&gt;</td>
</tr>
<tr>
<td>Estonia</td>
<td>All employed mothers including those on temporary contracts &gt; 3 months. Insured self-employed mothers qualify for maternity benefit.</td>
<td>100% average earnings (based on earnings in preceding calendar year). No ceiling. Min wage (€ 231/month) paid to mothers who did not work in preceding calendar year but have worked prior to birth of child.</td>
<td>140 days: 30–70 days prior to birth (if&lt; 30 days taken prior to birth, leave is shortened accordingly)</td>
<td>SI</td>
<td>Ministry of Social Affairs</td>
</tr>
<tr>
<td>Finland</td>
<td>All residents (must have lived in Finland for at least 180 days)</td>
<td>90% earnings up to a ceiling of €43 700 (Higher earners)</td>
<td>105 working days (approx. 17.5 weeks based on 6</td>
<td>Employees: 0.77% earnings. Self-employed: 1.02% earnings.</td>
<td>Ministry of Social Affairs and Health and Ministry of Labour</td>
</tr>
</tbody>
</table>


<sup>2</sup> Also eligibility criteria for the self-employed, those who have just completed vocational training for a period of at least 18 months or who are doing paid work as part of a vocational training course and the unemployed. Students are entitled to an extra 12 months educational benefit and people on sickness benefits continue to receive this benefit (which equates to the Maternity leave benefit) (Rostgaard, 2007: 126)

<sup>3</sup> The local (municipal) government pays allowance from the third week (from day 1 if the employee is ineligible for the 2-week benefit from the employer). Local (municipal) government is reimbursed fully by central government up to the end of the fourth week; thereafter, the cost is split equally between local and central governments: US Office of Policy Data website available at http://www.socialsecurity.gov/policy/docs/progdesc/ssptw/2006-2007/europe/denmark.html


<table>
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</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>All employees</td>
<td>100% earnings up to a ceiling of €2589/month. Employer may supplement any earnings shortfall.</td>
<td>16 weeks: 4 weeks prior to birth and at least 10 weeks following birth</td>
<td>SI</td>
<td>Ministry of Social Affairs, Health and Solidarity</td>
</tr>
<tr>
<td>Germany</td>
<td>All female employees, including those working part-time and below the statutory social insurance threshold. Does not include self-employed women</td>
<td>100% of earnings (no ceiling)</td>
<td>14 weeks: 6 weeks prior birth + 8 weeks after birth</td>
<td>SI + employer top-up</td>
<td>Ministry for Family, Senior Citizens, Women and Youth</td>
</tr>
<tr>
<td>Greece</td>
<td>Insured women with 200 days of contributions in the last 2 years</td>
<td>100% of earnings (no ceiling)</td>
<td>17 weeks (8 weeks prior to birth and 9 weeks following birth)</td>
<td>SI</td>
<td>Department of Employment and Social Protection</td>
</tr>
<tr>
<td>Hungary</td>
<td>Employees and self employed women with at least 180 days previous employment.</td>
<td>70% of earnings (no ceiling). If prior earnings difficult to determine (e.g. mother on sick leave prior to birth or self-employed) payment is twice daily</td>
<td>24 weeks</td>
<td>SI</td>
<td>National Health Insurance Fund</td>
</tr>
</tbody>
</table>

2. Wall (2007) classifies Germany in the ‘long-leave’ mother home-centred policy model notwithstanding recent changes to leave arrangements. Wall argues that the changes were a political compromise between a shift to a well paid one-year system and the existing ‘mother-centred’ system (p. 32).
<table>
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</thead>
<tbody>
<tr>
<td>Iceland</td>
<td>All women who have been 'economically active' prior to giving birth. Payment scaled according to length of time worked in preceding 24 months.</td>
<td>minimum wage and is paid by Treasury.</td>
<td>3 months: 1 month to be taken before birth; 2 weeks must be taken after birth. Remainder can be used until child is 18 months.</td>
<td>Self-employed: 15% of declared earnings. Employers: 11% of monthly payroll. State: any deficit.</td>
<td>Ministry of Social Affairs</td>
</tr>
<tr>
<td>India</td>
<td>For SI based benefits, must have been in insured employment for 70 days during two designated and consecutive 6-month periods. (Insured employment covers employees with monthly earnings of 10,000 rupees or less [October 2006], working in power-using manufacturing establishments with 10 or more workers or in non-power-using establishments with 20 or more workers, including shops, hotels, restaurants, cinemas, road transport agencies, and newspaper establishments.) Exclusions: self-employed persons, employees in seasonal work (less than 7 months/year), agricultural workers, and workers in certain other sectors.</td>
<td>SI benefit: 100% of average earnings, according to wage class. Cash maternity grant (social assistance): A lump sum of 1000 rupees is paid. SI benefit: 12 weeks (including a maximum of 6 weeks before the expected date of childbirth); 6 weeks in the case of a miscarriage. The benefit may be extended by 4 weeks for medical reasons. The minimum daily benefit is 10 rupees.</td>
<td>SI and Social assistance (welfare). Employee (SI): 1.75% of earnings for employees whose average daily wage is at least 50 rupees. Social assistance: Nil. Self-employed: SI nil; Social Assistance: nil Employer: SI: 4.75% of payroll for covered employees. Social assistance: None. Government: SI: nil; Social assistance: The total cost.</td>
<td>Ministry of Labour and Employment has supervisory function Employees’ State Insurance Corporation, which is managed by a tripartite board and a Director General, administers the social insurance program through regional and local offices</td>
<td></td>
</tr>
</tbody>
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1 Contributions also finance work injury benefits: see http://www.socialsecurity.gov/policy/docs/progdesc/ssptw/2006-2007/europe/hungary.html


3 The insured person’s contributions also finance work injury benefits and the unemployment allowance.

4 The insured person’s contributions also finance work injury benefits and the unemployment allowance.
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</tr>
</thead>
<tbody>
<tr>
<td>Ireland</td>
<td>Employed and self-employed who have been paying social insurance for a minimum period prior to birth (usually 39 weeks in previous 12 months).</td>
<td>1st 26 weeks: 70% of earnings up to a ceiling of €232.40/week (minimum €151.60/week). Remaining 16 weeks: unpaid</td>
<td>42 weeks of which 26 weeks are paid. (2 weeks must be taken prior to birth.)</td>
<td>SI</td>
<td>Employee: 4% earnings (contribution subject to minimum earnings threshold). Employer: 8.5 – 10.75% depending on employee earnings. Self-employed: 3-5% depending on annual income. State: any deficit.</td>
</tr>
<tr>
<td>Italy</td>
<td>All female employees and self-employed with social security membership</td>
<td>80% of earnings with no ceiling</td>
<td>20 weeks (at least 4 weeks prior to birth)</td>
<td>SI</td>
<td>Employee: no contributions. Self-employed: variable contributions. Employer: 0.46% of gross earnings on behalf of industrial blue- and white-collar workers:</td>
</tr>
<tr>
<td>COUNTRY/STATE</td>
<td>ELIGIBILITY</td>
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<tr>
<td>Japan</td>
<td>Residents (who are eligible for National Health Insurance). Note: each insurer provides maternity and child care allowances, according to the municipality.</td>
<td><em>Maternity allowance:</em> 60% of the average daily basic wage is paid, according to wage class. <em>Child care allowance:</em> A lump sum of 350 000 yen is paid to an insured person or the dependent of an insured person whose pregnancy lasts 4 or more months.</td>
<td>98 days (42 days before and 56 days after the expected date of childbirth)</td>
<td>SI</td>
<td>Each household must make fixed contributions per year to national health insurance (if not otherwise covered by employees health insurance). The amount depends on the insurer. Employers do not contribute to national health insurance. The government subsidises national health insurance. Ministry of Health, Labour and Welfare has general supervisory power. Regional Social Insurance Bureaus, Social Insurance Offices, Regional Bureaus of Health and Welfare, and prefectures supervise the programs locally. Municipalities administer the program.</td>
</tr>
<tr>
<td>Netherlands</td>
<td>All female employees. Does not include self-employed women.</td>
<td>100% of earnings up to a ceiling equal to maximum daily pyt for sickness benefit (€172 in 2007)</td>
<td>16 weeks: 6 weeks before birth and 10 weeks after birth</td>
<td>SI</td>
<td>Employee: Depends on industry — average is 5.8% of earnings. Employer: 3.45% of payroll. Department of Social Affairs and Employment.</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Worked for the same employer for an average of at least 10 hours/week, and at least 1 hour in every week or 40 hours in every month, in the 6 or 12 months immediately before the</td>
<td>Unpaid – however, 14 weeks paid parental leave available to eligible mothers, which must be taken at the same time as unpaid leave.</td>
<td>14 weeks</td>
<td>N/a</td>
<td>Department of Labour.</td>
</tr>
</tbody>
</table>


Single mothers, who are older than 18 and who have more then 24 months residency, are eligible for a benefit from the 26th week of pregnancy until 13 weeks following birth.
<table>
<thead>
<tr>
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<th>WHO ADMINISTERS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>No statutory entitlement to maternity leave per se. Embedded in paid parental leave entitlement — see Table A.3.</td>
<td>Embedded in paid parental leave entitlement — see Table A.3</td>
<td>Embedded in paid parental leave entitlement — see Table A.3</td>
<td>SI – State meets deficit&lt;sup&gt;5&lt;/sup&gt;</td>
<td>Ministry of Children and Equality</td>
</tr>
<tr>
<td>Portugal</td>
<td>All female employees with 6 months (continuous or intermittent) insurance contributions. Self-employed females who contribute to social security Unemployed females receiving unemployment benefits.</td>
<td>120 days at 100% of earnings (no ceiling) or 150 days at 80% of earnings</td>
<td>120 days: 90 days to be taken following birth; 30 days can be taken prior to or after birth. Mother must take at least 42 days. Remainder can be transferred to father</td>
<td>SI</td>
<td>Ministry of Labour and Social Solidarity</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Women who are insured under SI. Uninsured: those who have been insured for at least 12 months in past 3 years.</td>
<td>Insured: 100% of person’s average earnings in 12 months prior to birth with no ceiling and a minimum of 55% of the minimum wage. For those not currently insured but who have been for at least 12 months in past 3 years: 55–105% of minimum wage, depending on period of insurance.</td>
<td>105 calendar days (15 weeks, 4 of which must be taken before birth).</td>
<td>SI</td>
<td>Ministry of Labour, Family and Social Affairs</td>
</tr>
<tr>
<td>Spain</td>
<td>For earnings related benefit — if older than 21 years: 180 days contribution to social security in previous seven years or 360 days contribution in her working life; if mother &lt;21 years: no previous period of social security contribution required;</td>
<td>For eligible mothers: 100% of earnings up to a ceiling of €2897.70/month. For non-eligible mothers: flat rate benefit (€16.64 in 2007) for 42 days.</td>
<td>16 weeks: 6 weeks must be taken following birth. Remaining 10 weeks can be taken before or after birth and can be partly or wholly transferred to father. Mothers can also consolidate an entitlement to reduced working hours</td>
<td>SI</td>
<td>Ministry of Labour and Social Affairs and the National Institute of Social Security</td>
</tr>
</tbody>
</table>

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>if mother 21–26 years: 90 days social security contribution required.</td>
<td>Pregnancy benefit: 80% of earnings up to a ceiling of SEK 403 000 (approx. €44 100)</td>
<td>50 days SI</td>
<td>Employee: none. Self-employed: 9.6% of earnings plus 2.2% for parental leave. Employer 8.64% of payroll plus 2.2% for parental leave. State meets deficit.</td>
<td>Ministry of Social Affairs</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Statutory Maternity Pay: Female employees with 26 weeks continuous service with the E/r, into the 15th week before baby due and who meet a minimum earnings test.¹ Maternity Allowance: self-employed and employed persons who have worked for 26 weeks in the 66 weeks prior to expected date of birth, whose average weekly earnings are £30/week and who are otherwise ineligible for SMP.²</td>
<td>Statutory maternity pay: 6 weeks at 90% av. earnings (no ceiling) + 33 weeks at lesser of £117.18* (€165) or av. earnings + 13 weeks unpaid Maternity Allowance: 39 weeks at lesser of £117.18* (€165) or av. earnings</td>
<td>Statutory maternity pay: 39 weeks. Can start from 11th week before baby due. Maternity Allowance: 39 weeks. Can start from 11th week before baby due.</td>
<td>Social security fund: Employee: 11% of earnings. Employer:12.8% of each e/ee who earns above a ceiling (£97 as at April 2007). Employer pays but is reimbursed from fund for at least 92%. If National Insurance Pyts &lt; £45000 p.a., refunded at 104.5%).</td>
<td>Policy: Department for Business Enterprise and Regulatory Reform. Pyt: Dep’t of Work and Pensions</td>
</tr>
</tbody>
</table>


¹ All female employees eligible for 26 ‘ordinary maternity leave (‘OML’) + 26 weeks of ‘additional maternity leave’ (‘AML’)
² http://www.dwp.gov.uk/advisers/claimforms/ma1_print.pdf
³ http://www.businesslink.gov.uk/bdotg/action/detail?r.l1=1073858787&r.i3=1074045869&type=RESOURCES&itemid=1073792756&i2=1073858926&r.s=sc
⁴ http://www.businesslink.gov.uk/bdotg/action/detail?r.l1=1073858787&r.i3=1074045869&type=RESOURCES&itemid=1073792756&i2=1073858926&r.s=sc
⁵ http://www.businesslink.gov.uk/bdotg/action/detail?r.l1=1073858787&r.i3=1074045869&type=RESOURCES&itemid=1073792756&i2=1073858926&r.s=sc
# APPENDIX A continued

## Table A.2 Comparison of PATERNITY leave models by eligibility, payment, duration, source of funds and who administers

<table>
<thead>
<tr>
<th>COUNTRY/STATE</th>
<th>ELIGIBILITY</th>
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<th>SOURCE OF FUNDS</th>
<th>WHO ADMINISTERS?</th>
</tr>
</thead>
</table>
| Belgium       | All male employees  
Self-employed ineligible | 1st 3 days: employer.  
Remaining days: 82% earnings (ceiling of €90.74/day). | 10 days (3 days compulsory) | 1st 3 days: employer.  
Remaining days: health insurance (SI). | Federal Department of Employment and Social Affairs |
| California    | No statutory entitlement to paid paternity leave per se. Embedded in paid parental leave entitlement (see Table A.3). | Unpaid | 4 days (1 day before birth and 3 days after) | N/a | Federal government provides leave through employment insurance program (Human Resources and Skill Development).  
Provincial and territory governments deliver the program (and in some cases, modify it). |
| Canada        | One year’s continuous employment.  
Self-employed not eligible. | Unpaid | 2 weeks | Employer | Ministry of Social Welfare provides general supervision and national administration  
Local (municipal) governments administer benefits at the local levelb |
| China         | Not determined | Not determined | Not determined | Not determined | Not determined |
| Czech Republic| N/a | N/a | No statutory entitlement | N/a | N/a |
| Denmark       | Employees: 120 hours work in 13 weeks preceding leavea | 100% of earnings up to a ceiling of 3425 DKK (approx. € 460) | 2 weeks | Employer | Ministry of Social Welfare provides general supervision and national administration  
Local (municipal) governments administer benefits at the local levelb |
| Estonia       | All permanently employed fathers | €4.2/day | 14 days | SI | Ministry of Social Affairs |

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a Also eligibility criteria for the self-employed, those who have just completed vocational training for a period of at least 18 months or who are doing paid work as part of a vocational training course and the unemployed. Students are entitled to an extra 12 months educational benefit and people on sickness benefits continue to receive this benefit (which equates to the Maternity leave benefit) (Moss & Wall, 2007:126)
<table>
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<tr>
<th>COUNTRY/STATE</th>
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<th>DURATION</th>
<th>SOURCE OF FUNDS</th>
<th>WHO ADMINISTERS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>All residents (must have lived in Finland for at least 180 days prior to baby's due date) + father must live with child's mother</td>
<td>70% earnings up to a ceiling of €28 400 (lower rate for higher earners). Unemployed/low income: minimum flat rate of €16.20/day (€380/month).</td>
<td>18 working days (3 weeks based on 6 day working week) + 12 'bonus days' for fathers who take 2 weeks parental leave (the 'father month')</td>
<td>SI</td>
<td>Ministry of Social Affairs and Health and Ministry of Labour</td>
</tr>
<tr>
<td>France</td>
<td>All employees + All self-employed</td>
<td>100% earnings up to a ceiling of €2589/month. Employer may supplement any earnings shortfall.</td>
<td>2 weeks</td>
<td>SI</td>
<td>Ministry of Social Affairs, Health and Solidarity</td>
</tr>
<tr>
<td>Germany</td>
<td>No statutory entitlement</td>
<td>Unpaid</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Greece</td>
<td>Not determined</td>
<td>100%</td>
<td>2 days</td>
<td>SI</td>
<td>Department of Employment and Social Protection</td>
</tr>
<tr>
<td>Hungary</td>
<td>All employed fathers</td>
<td>100% of average daily wage</td>
<td>5 days (to be taken in 2 months following birth)</td>
<td>SI</td>
<td>National Health Insurance Fund</td>
</tr>
<tr>
<td>Iceland</td>
<td>All men who have been 'economically active' prior to the birth. Payment scaled according to length of time worked in preceding 24 months.</td>
<td>80% of earnings up to a ceiling of approx €6000/month for men who have worked in the preceding 24 months. Fathers working 49% or more of full-time hours: minimum pyt of €830/month. Fathers working less than 25% of hours: flat rate pyt. Fathers working 25-49% of full-time hours: minimum pyt of €630/month.</td>
<td>3 months. Can be used until child is 18 months.</td>
<td>SI</td>
<td>Ministry of Social Affairs</td>
</tr>
<tr>
<td>India</td>
<td>Not determined</td>
<td>Not determined</td>
<td>Not determined</td>
<td>Not determined</td>
<td>Not determined</td>
</tr>
<tr>
<td>Ireland</td>
<td>No statutory entitlement</td>
<td>Unpaid</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Italy</td>
<td>N/a</td>
<td>N/a</td>
<td>No statutory entitlement. However, employed fathers may take 3 months leave in extenuating circumstances such as mother dying or being severely ill (same conditions as for maternity leave apply).</td>
<td>N/a</td>
<td>N/a</td>
</tr>
<tr>
<td>Japan</td>
<td>Not determined</td>
<td>Not determined</td>
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<tr>
<td>Netherlands</td>
<td>Male or female employees who are the partner of the mother or who acknowledge the child</td>
<td>100% of earnings (no ceiling)</td>
<td>2 days to be taken with one month of birth</td>
<td>SI</td>
<td>Department of Social Affairs and Employment</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1 week: for a spouse/partner with six months eligible service. 2 weeks: for a spouse/partner with</td>
<td>unpaid</td>
<td>1–2 weeks depending on eligibility to be taken between 21 days before the baby's due date and</td>
<td>n/a</td>
<td>Department of Labour</td>
</tr>
<tr>
<td>COUNTRY/STATE</td>
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<td>SOURCE OF FUNDS</td>
<td>WHO ADMINISTERS?</td>
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<tr>
<td>Norway</td>
<td>All employed fathers.</td>
<td>Amount depends on individual or collective agreements</td>
<td>21 days after the birth.</td>
<td>employer</td>
<td>Ministry of Labour and Social Inclusion (cf maternity leave)</td>
</tr>
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<td></td>
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<td>Mother may transfer paid parental leave entitlement.</td>
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<tr>
<td>Portugal</td>
<td>All male employees 6 months (continuous or intermittent)</td>
<td>100% of earnings (no ceiling)</td>
<td>2 weeks after birth (daddy days) + 6 weeks from fathers’ quota of parental leave</td>
<td>Ministry of Labour and Social Solidarity</td>
<td>Ministry of Labour and Social Solidarity</td>
</tr>
<tr>
<td></td>
<td>insurance contributions.</td>
<td></td>
<td>employer</td>
<td>Ministry of Labour and Social Solidarity</td>
<td>Ministry of Labour and Social Solidarity</td>
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<tr>
<td></td>
<td>Self-employed males who contribute to social security.</td>
<td></td>
<td>Ministry of Labour and Social Solidarity</td>
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<tr>
<td></td>
<td>Unemployed males receiving unemployment benefits.</td>
<td></td>
<td>Ministry of Labour and Social Solidarity</td>
<td>Ministry of Labour and Social Solidarity</td>
<td>Ministry of Labour and Social Solidarity</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Men who are insured under SI.</td>
<td>1st 15 days: 100% of average earnings up to a ceiling of 2.5 times average wage (approx. €3155/month) with minimum payment of 55% of minimum wage (approx. €290/month). For remaining 75 days: social security contributions based on minimum wage (€80/month). For those not currently insured but who have been for at least 12 months in past 3 years: 55–105% of minimum wage, depending on period of insurance.</td>
<td>90 calendar days (approx 13 weeks). Fathers must take 15 days full-time leave in child’s first 6 months.</td>
<td>Ministry of Labour, Family and Social Affairs</td>
<td>Ministry of Labour, Family and Social Affairs</td>
</tr>
<tr>
<td>Spain</td>
<td>At least 180 days contribution to social security in previous 7 years or 360 days contribution in his working life</td>
<td>100% of earnings</td>
<td>15 days: 1st 2 days (employer paid) at time of birth. Fathers who travel for work have an extra 2 employer-paid days. Remaining 13 days to be used immediately following maternity leave</td>
<td>Employer (1st 2 days)</td>
<td>Ministry of Labour and Social Affairs</td>
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<td>Social Security Fund (remaining 13 days)</td>
<td>Ministry of Labour and Social Affairs</td>
<td>Ministry of Labour and Social Affairs</td>
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<tr>
<td>COUNTRY/STATE</td>
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<tr>
<td>Sweden</td>
<td>For maximum pyt father must be employed for at least 240 days prior to birth. Otherwise father gets ‘low guarantee’ level pyt.</td>
<td>80% of earnings up to a ceiling of SEK 403000 p.a (approx. €44100)</td>
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<td>‘low guarantee’ level is SEK180 day</td>
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<td>10 days</td>
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<td>60 days from father’s quota of parental leave</td>
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<tr>
<td>United Kingdom</td>
<td>Male employees who:</td>
<td>Flat rate of £117.18 (approx. €165)/weekc</td>
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<td>• are the biological father or mother’s partner</td>
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<td></td>
<td>• expect to have responsibility for the child’s upbringing</td>
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<td>• worked for E/r continuously for 26 weeks, into the 15th week before baby due</td>
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<td>2 weeks to be taken in 1st 8 weeks following birth</td>
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c [http://www.businesslink.gov.uk/bdotg/action/detail?r.l1=1073858787&amp;r.l3=1074045869&amp;type=RESOURCES&amp;Itemld=1073792756&amp;r.i2=1073858926&amp;r.s=sc](http://www.businesslink.gov.uk/bdotg/action/detail?r.l1=1073858787&amp;r.l3=1074045869&amp;type=RESOURCES&amp;Itemld=1073792756&amp;r.i2=1073858926&amp;r.s=sc)

d [http://www.businesslink.gov.uk/bdotg/action/detail?r.l1=1073858787&amp;r.l3=1074045869&amp;type=RESOURCES&amp;Itemld=1073792756&amp;r.i2=1073858926&amp;r.s=sc](http://www.businesslink.gov.uk/bdotg/action/detail?r.l1=1073858787&amp;r.l3=1074045869&amp;type=RESOURCES&amp;Itemld=1073792756&amp;r.i2=1073858926&amp;r.s=sc)
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</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>All employees with 1 year’s service with current employer in the past 15 months and who have parental responsibility for a child</td>
<td>€685/month (full-time rate)</td>
<td>3 months per parent per child to be taken until child turns 6. Leave can be taken full-time, half-time over 6 months, or 1 day/week for 15 months.</td>
<td>SI</td>
<td>Federal Department of Employment and Social Affairs</td>
</tr>
<tr>
<td>California</td>
<td>All workers eligible for Temporary Disability Insurance</td>
<td>55–60% of earnings up to a ceiling of US$840 (€620)</td>
<td>6 weeks</td>
<td>SI</td>
<td>Employment Development Department^a</td>
</tr>
<tr>
<td>Canada</td>
<td>Varies between jurisdictions. For most jurisdictions, employees must have worked continuously for same employer for a minimum period (12–13 months).</td>
<td>Up to 35 weeks per family at 55% of averaged insured earnings with a ceiling of C$413 (€271)/week. Low-income families (less than C$25,921 (€17,020) p.a.) eligible for a family supplement to raise pyt.</td>
<td>For most jurisdictions: Family entitlement: 37 weeks for one parent or shared between 2 parents but not exceeding a combined maximum of 35 weeks. Leave can be simultaneous but must be consecutive with maternity leave. Maximum total leave (maternity + parental) = 52 weeks.</td>
<td>SI</td>
<td>Federal government provides leave through employment insurance program (Human Resources and Skill Development) Provincial and territory governments deliver the program (and in some cases, modify it)</td>
</tr>
<tr>
<td>China</td>
<td>Not determined</td>
<td>Not determined</td>
<td>Not determined</td>
<td>Not determined</td>
<td>Not determined</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Employer’s consent required</td>
<td>Flat rate of €270 (equivalent to 40% of average gross earnings in 2005)</td>
<td>Both parents can take leave simultaneously until child is 3 but only 1 parent is entitled to the benefit at a time (which is payable until child turns 4).</td>
<td>SI</td>
<td>Ministry of Work and Social Affairs</td>
</tr>
<tr>
<td>Denmark</td>
<td>Employees: 120 hours work in 13 weeks preceding leave(^c)</td>
<td>100% of earnings up to a ceiling of 3425 DKK (approx €)</td>
<td>32 weeks per family until child is 48 months at full</td>
<td>Employer for first 2 weeks then State(^d)</td>
<td>Ministry of Social Welfare provides general supervision and national</td>
</tr>
</tbody>
</table>

\(a\) [http://wfnetwork.bc.edu/The_Network_News/17/The_Network_News_Interview17.pdf](http://wfnetwork.bc.edu/The_Network_News/17/The_Network_News_Interview17.pdf)  
\(b\) see [http://www.edd.ca.gov/fleclaimpfl.htm](http://www.edd.ca.gov/fleclaimpfl.htm)  
\(c\) Also eligibility criteria for the self-employed, those who have just completed vocational training for a period of at least 18 months or who are doing paid work as part of a vocational training course and the unemployed. Students are entitled to an extra 12 months educational benefit and people on sickness benefits continue to receive this benefit (which equates to the Maternity leave benefit) (Rostgaard, 2007: 126–127).
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<tr>
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</thead>
<tbody>
<tr>
<td>Estonia</td>
<td>Fathers eligible for parental benefit when child 70 days old</td>
<td>Parental benefit: Working parents: 100% of av. earnings based on employment in previous calendar year for 315 days (45 weeks) from end of maternity leave with a ceiling equal to x3 av earnings (€1387 per month in 2007). Non-working parents: flat rate from date of birth to 14 months (€172/month). Childcare benefit: Flat rate (€38.5 per month) paid from end of pyt parental leave benefit until child turns 3 to both working and non-working parents.</td>
<td>Until 3 years after childbirth per family</td>
<td>SI</td>
<td>Ministry of Social Affairs</td>
</tr>
<tr>
<td>Finland</td>
<td>All residents (must have lived in Finland for at least 180 days prior to baby's due date)</td>
<td>1st 30 days: 75% of earnings up to ceiling of €43 700 pa (lower rate for higher earners). Remainder: 70% of earnings up to a ceiling of €28 400 (lower rate for higher earners). Unemployed/low income: minimum flat rate of €15.20/day (€380/month).</td>
<td>158 working days per family (approx 26 weeks based on 6 day working week). Each parent can take leave in 2 parts of 12 days duration. Leave can be taken part-time (40–60% full-time hours).</td>
<td>SI</td>
<td>Ministry of Social Affairs and Health and Ministry of Labour</td>
</tr>
<tr>
<td>France</td>
<td>All employees who have worked one year for current employer</td>
<td>CLCA (complement de libre choix d’activité) flat rate payment</td>
<td>Until child turns 3. Parents may work between 16–32</td>
<td>SI</td>
<td>Ministry of Social Affairs, Health and Solidarity</td>
</tr>
</tbody>
</table>

\[d\] The local (municipal) government pays allowance from the third week (from day 1 if the employee is ineligible for the 2-week benefit from the employer). Local (municipal) government is reimbursed fully by central government up to the end of the fourth week; thereafter, the cost is split equally between local and central governments: US Office of Policy Data website available at http://www.socialsecurity.gov/policy/docs/progdesc/ssptw/2006-2007/europe/denmark.html

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</thead>
<tbody>
<tr>
<td><strong>Germany</strong></td>
<td>Parental leave: all parents employed at date of birth. Child rearing benefit is means tested. Parents must be unemployed, in vocational training or working no more than 30 hours/week with income less than a specified annual ceiling.</td>
<td>Unpaid unless childrearing benefit applies. Childrearing benefit: 67% of parents’ average earnings during 12 months prior to birth up to €1800/month (min pyt €300) over 12 months. If father takes at least 2 months leave, benefit pyt extended to 14 months. Payment may be spread over 24 months (+4) at 33% prior earnings.</td>
<td>Until child is 3, per family</td>
<td>Child rearing benefit: State Ministry for Family, Senior Citizens and Youth</td>
<td></td>
</tr>
<tr>
<td><strong>Greece</strong></td>
<td>All employees with 12 months continuous service with current employer and whose spouse works outside the home</td>
<td>Unpaid</td>
<td>3½ months per child per parent</td>
<td>n/a</td>
<td>Department of Employment and Social Protection</td>
</tr>
<tr>
<td><strong>Hungary</strong></td>
<td>GYES: all parents. GYED: mothers only, until child is 1. Then either parent living with the child provided parent employed for at least 180 days within 2 years of birth of child.</td>
<td>GYES: flat rate equivalent to minimum old age pension (€110/month in 2006). GYED: 70% earnings up to ceiling (€367/month in 2006 — reviewed annually).</td>
<td>2 types of benefit: (1) GYES: for non-insured parents — until child is 3. (1) GYED: for insured parents — only for mothers until child is 1 — then for either parent — to be taken after maternity leave until child is 2.</td>
<td>SI</td>
<td>National Health Insurance Fund</td>
</tr>
<tr>
<td><strong>Iceland</strong></td>
<td>All parents who have been ‘economically active’ prior to the birth. Payment scaled according to length of time worked in preceding 24 months.</td>
<td>80% of earnings up to a ceiling of approx €6000/month for parents who have worked in the preceding 24 months. Parents working 49% or more of full-time hours: 3 months after birth. Can be used until child is 18 months. Each parent may also take 13 weeks; unpaid leave (child care leave or SI</td>
<td>Ministry of Social Affairs</td>
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<tr>
<td>India</td>
<td>Not determined</td>
<td>Not determined</td>
<td>Not determined</td>
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<td>Not determined</td>
</tr>
<tr>
<td>Ireland</td>
<td>All employees who have completed one year’s continuous employment with current employer.</td>
<td>Unpaid</td>
<td>14 weeks per parent per child</td>
<td>N/a</td>
<td>Department of Justice, Equality and Law Reform</td>
</tr>
<tr>
<td>Italy</td>
<td>All employed parents, except domestic workers and home helps (the father is entitled to leave, even if mother is not, for example where she is a housewife)</td>
<td>30% of earnings if child under 3 years. Unpaid if child between 3 and 8 years unless earnings below a minimum, in which case payment is 30% of earnings.</td>
<td>6 months for mothers and 6 months for fathers. Total amount of leave taken by both parents cannot exceed 10 months.</td>
<td>SI</td>
<td>Ministry of Labour and Ministry of Finance and General Affairs (for public employees)</td>
</tr>
<tr>
<td>Japan</td>
<td>Not determined</td>
<td>Unpaid</td>
<td>13 x no. of working hours per week per parent per child to be taken up to the child’s 8th birthday</td>
<td>N/a</td>
<td>Department of Social Affairs and Employment</td>
</tr>
<tr>
<td>Netherlands</td>
<td>All employees who have completed one year’s continuous employment with current E/r</td>
<td>Gross weekly rate of pay up to a ceiling of NZ$391.28</td>
<td>14 weeks (mothers must take this leave at the same time as unpaid maternity leave. She may choose to transfer paid parental leave to her partner) + 52 continuous weeks of unpaid leave (less any maternity leave taken)</td>
<td>State</td>
<td>Pyt: Inland Revenue Policy: Department of Labour</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Worked for the same employer for an average of at least 10 hours/week, and at least 1 hour in every week or 40 hours in every month, in the 6 or 12 months immediately before the baby’s expected due date</td>
<td>Either 80% (39 weeks) or 100% (29 weeks) of earnings up to a ceiling of x6 national insurance benefit payment (NOK 377 352 or approx €46 360 in 2006). Non-employed mothers receive a flat pyt (approx. €5000).</td>
<td>Maximum: 54 weeks; Mother’s quota: 9 weeks; 3 weeks prior to birth + 6 weeks after birth. Father’s quota: 6 weeks not to be taken in first 6 weeks except for multiple births or adoption (non-SI (State meets deficit))</td>
<td>Ministry of Children and Equality</td>
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</table>

1 Employers can negotiate Collective Labour Agreements for paid parental leave (see Groenendijk & Keusenkamp, 2007: 202).

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>All employees with 6 months (continuous or intermittent) insurance contributions. Self-employed who contribute to social security. Unemployed receiving unemployment benefits.</td>
<td>Unpaid — except for 15 'daddy days' paid at 100% of earnings (no ceiling) if taken immediately after paternity leave or maternity leave</td>
<td>3 months per parent (full-time) or 12 months per parent (half-time) or alternating full-time and half-time. Non-transferable. Can be taken up until child turns 6. Provided (a) parental leave taken; and (b) other parent employed (or incapable of working), one parent may take 2 years special unpaid leave on full-time basis (extended to 3 years for 3rd or subsequent child). All work entitlements suspended but employee has right to return to same position.</td>
<td>SI</td>
<td>Ministry of Labour and Social Solidarity</td>
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<tr>
<td>Portugal</td>
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</tr>
<tr>
<td>Slovenia</td>
<td>Parents who are insured under SI.</td>
<td>100% of average earnings up to a ceiling of 2.5 times average wage</td>
<td>260 calendar days (about 37 weeks). Each parent is</td>
<td>SI</td>
<td>Ministry of Labour, Family and Social Affairs</td>
</tr>
<tr>
<td>COUNTRY/STATE</td>
<td>ELIGIBILITY</td>
<td>PAYMENT</td>
<td>DURATION</td>
<td>SOURCE OF FUNDS</td>
<td>WHO ADMINISTERS?</td>
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<tr>
<td>Spain</td>
<td>All employees (however, temporary employees can only claim leave for a period less than contract length). Unemployed and self-employed are not eligible.</td>
<td>unpaid</td>
<td>Each parent entitled to take unpaid leave until child turns 3</td>
<td>N/a</td>
<td>Ministry of Social Affairs</td>
</tr>
<tr>
<td>Sweden</td>
<td>All parents entitled to paid parental leave</td>
<td>If parent’s income &gt;SEK180 for 240 days prior to expected date of delivery: 390 days at 80% of earnings up to a ceiling of SEK 403 000 (approx. €44 100). Remaining 90 days at a flat rate of SEK180/day (€20). Otherwise, 480 days at SEK 180/day (€20).</td>
<td>480 days divided between parents as follows: 60 days for the mother (mother months); 60 days for the father (father months); 180 days for each parent (transferable to one another)</td>
<td>SI</td>
<td>Ministry of Social Affairs</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>All employees who have completed one year’s continuous employment with E/r and who have or expect to have parental responsibility for the child</td>
<td>None</td>
<td>13 weeks per parent per child until child is 5. Leave may be taken in blocks or in multiples of 1 week, up to 4 weeks per calendar year.</td>
<td>n/a</td>
<td>Department for Business, Enterprise and Regulatory Reform</td>
</tr>
</tbody>
</table>

## APPENDIX B

### Table B Exemplar countries for paid maternity, paternity and parental leave

<table>
<thead>
<tr>
<th>Basis for selection as exemplar</th>
<th>Country</th>
<th>Leave type</th>
<th>Eligibility</th>
<th>Payment</th>
<th>Duration</th>
<th>Fundinga</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full replacement earnings</td>
<td>Denmark</td>
<td>PML</td>
<td>Employees: 120 hours work in 13 weeks preceding leave</td>
<td>100% of earnings up to a ceiling of 3425 DKK (approx €460)</td>
<td>18 weeks</td>
<td>Employer for first 2 weeks then State</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PPL</td>
<td>Employees: 120 hours work in 13 weeks preceding leave</td>
<td>100% of earnings up to a ceiling of 3425 DKK (approx €460)</td>
<td>2 weeks</td>
<td>Employer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PParL</td>
<td>Employees: 120 hours work in 13 weeks preceding leave</td>
<td>100% of earnings up to a ceiling of 3425 DKK (approx €460)</td>
<td>32 weeks per family until child is 48 months at full benefit; or 40 weeks (for all) or 46 weeks (for employees only) at reduced benefit rate payable until total payments equal full benefit pyt at 32 weeks, subject to agreement with E/r; or can return to work part-time with benefit paid at lower rate for longer period.</td>
<td>Employer for first 2 weeks then State</td>
</tr>
</tbody>
</table>

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*a For countries whose funding is based on social insurance related schemes, this table shows maternity leave contribution rates for employees, employers and where applicable, self-employed persons according to data from the US Office of Policy data website available at http://www.ssa.gov/policy/data.html. The corresponding contribution rates for paternity leave and parental leave is not always shown as this data is not always clearly distinguishable.*
<table>
<thead>
<tr>
<th>Basis for selection as exemplar</th>
<th>Country</th>
<th>Leave type</th>
<th>Eligibility</th>
<th>Payment</th>
<th>Duration</th>
<th>Funding*</th>
</tr>
</thead>
</table>
| Daddy leave and 'best practice' re duration | Sweden | PML | No statutory entitlement to paid maternity leave per se. *Embedded in paid parental leave entitlement.* Pregnancy benefit available for women who are in jobs considered injurious or involving risk to foetus | Pregnancy benefit: 80% of earnings up to a ceiling of SEK 403 000 (approx €44 100) | Pregnancy benefit: 50 days | SI  
E/ee: none. Self-employed: 9.6% of earnings plus 2.2% for parental leave. E/er: 8.64% of payroll plus 2.2% for parental leave. State meets deficit. |
<p>| PPL | | For maximum pyt father must be employed for at least 240 days prior to birth. Otherwise father gets 'low guarantee' level pyt | 80% of earnings up to a ceiling of SEK 403 000 p.a. (approx €44 100) — 'low guarantee' level is SEK180 day | 10 days + 60 days from father’s quota of parental leave | SI — state meets deficit |
| PParL | | All parents entitled to paid parental leave | If parent’s income &gt;SEK180 for 240 days prior to expected date of delivery: 390 days at 80% of earnings up to a ceiling of SEK 403 000 (approx €44 100). Remaining 90 days at a flat rate of SEK180/day (€20). Otherwise, 480 days at SEK 180/day (€20) | 480 days divided between parents as follows: 60 days for the mother (mother months); 60 days for the father (father months); 180 days for each parent (transferrable to one another) | SI — state meets deficit |</p>
<table>
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<tr>
<th>Basis for selection as exemplar</th>
<th>Country</th>
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<th>Eligibility</th>
<th>Payment</th>
<th>Duration</th>
<th>Funding*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anglo-liberal background Recent and ongoing reforms (getting close to Swedish model)</td>
<td>UK</td>
<td>PML</td>
<td>Statutory Maternity Pay: Female employees with 26 weeks continuous service with the E/r, into the 15th week before baby due and who meet a minimum earnings test. Maternity Allowance: self-employed and employed persons who have worked for 26 weeks in the 66 weeks prior to expected date of birth, whose average weekly earnings are £30/week and who are otherwise ineligible for SMP.</td>
<td>Statutory maternity pay: 6 weeks at 90% av. earnings (no ceiling) + 33 weeks at lesser of £117.18 (€165) or av. earnings + 13 weeks unpaid. Maternity Allowance: 39 weeks at lesser of £117.18 (€165) or av. earnings.</td>
<td>Statutory maternity pay: 39 weeks. Can start from 11th week before baby due. Maternity Allowance: 39 weeks. Can start from 11th week before baby due.</td>
<td>SI E/ee: 11% of earnings. E/er:12.8% of each e/ee who earns above a ceiling (£97 as at April 2007). Employer pays initially (refunded from social security fund for at least 92%. If National Insurance Pyts &lt;£45 000 p.a., refunded at 104.5%).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PPL</td>
<td>Male employees who: § are the biological father or mother’s partner § expect to have responsibility for the child’s upbringing § worked for E/r continuously for 26 weeks, into the 15th week before baby due</td>
<td>Flat rate of £117.18 (approx. €165)/week 2 weeks to be taken in 1st 8 weeks following birth</td>
<td>2 weeks to be taken in 1st 8 weeks following birth</td>
<td>SI E/ee: 11% of earnings. E/er:12.8% of each e/ee who earns above a ceiling (£97 as at April 2007). Employer pays initially (refunded from social security fund for at least 92%. If National Insurance Pyts &lt;£45 000 p.a., refunded at 104.5%).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PParL</td>
<td>All employees who have completed one year’s continuous employment with E/r and who have or expect to have parental responsibility for the child</td>
<td>None</td>
<td>13 weeks per parent until child is 5. Leave may be taken in blocks or in multiples if 1 week up to 4 weeks per year.</td>
<td>N/a</td>
</tr>
<tr>
<td>Basis for selection as exemplar</td>
<td>Country</td>
<td>Leave type</td>
<td>Eligibility</td>
<td>Payment</td>
<td>Duration</td>
<td>Funding*</td>
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<tr>
<td>Closest to model mooted in Australia today</td>
<td>New Zealand</td>
<td>PML</td>
<td>14 weeks unpaid. (However, <strong>14 weeks paid leave embedded in PaidParL — see below</strong>)— have worked continuously with the same employer (or self-employed) for an average of at least 10 hours/week (including at least 1 hour in every week or 40 hours in every month) in the 6 or 12 months immediately before the baby’s expected due date. Single mothers payment where mother more than 18 years and had been a resident for more than 24 months.</td>
<td>None. However <strong>14 weeks paid leave embedded in PaidParL — see below</strong> — which must be taken concurrently with unpaid leave.</td>
<td>14 weeks</td>
<td>N/a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PPL</td>
<td>1 week unpaid PL for 6 months service, 2 weeks unpaid PL for 12 months service</td>
<td>None</td>
<td>1–2 weeks depending on eligibility to be taken between 21 days before the baby’s due date and 21 days after the birth</td>
<td>N/a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PParL</td>
<td>Worked for the same employer for an average of at least 10 hours/week, and at least 1 hour in every week or 40 hours in every month, in the 6 or 12 months immediately before the baby’s expected due date</td>
<td>Gross weekly rate of pay up to a ceiling of NZ$391.28</td>
<td>14 weeks</td>
<td>State</td>
</tr>
<tr>
<td>Basis for selection as exemplar</td>
<td>Country</td>
<td>Leave type</td>
<td>Eligibility</td>
<td>Payment</td>
<td>Duration</td>
<td>Funding*</td>
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<tr>
<td>Illustrates class and gender implications of low income replacement levels</td>
<td>Canada</td>
<td>PML</td>
<td>Varies between jurisdictions. For most jurisdictions, employees must have worked continuously for same employer for a minimum period (12–13 months). Self-employed women are not eligible as they do not have 'insurable employment'.</td>
<td>55% of averaged insured earnings over the 6 months preceding the claim with a ceiling of C$413 (€271)/week (C$39 000 p.a. in 2008). Note 2-week waiting period with zero benefits lowers the effective replacement rate, subject to regional variations (Quebec).</td>
<td>15–18 weeks depending on jurisdiction</td>
<td>SI E/ee: 1.8% earnings. E/er: 2.52% payroll (except Quebec which is funded 0.416% of earnings and 0.583% payroll respectively plus self employed -0.737% of tax income).</td>
</tr>
<tr>
<td>PPL</td>
<td>One year’s continuous employment. Self-employed not eligible</td>
<td>None</td>
<td>4 days (1 day before birth and 3 days after)</td>
<td>N/a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PParL</td>
<td>Varies between jurisdictions. For most jurisdictions, employees must have worked continuously for same employer for a minimum period (12–13 months).</td>
<td>Up to 35 weeks per family at 55% of averaged insured earnings with a ceiling of C$413 (€271)/week. Low income families (less than C$25 921 (€17 020) p.a.) eligible for a family supplement to raise pyt.</td>
<td>For most jurisdictions: Family entitlement: 37 weeks for one parent or shared between 2 parents but not exceeding a combined maximum of 35 weeks. Leave can be simultaneous but must be consecutive with maternity leave. Maximum total leave (maternity + parental) = 52 weeks.</td>
<td>SI</td>
<td></td>
<td></td>
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<tr>
<td>Basis for selection as exemplar</td>
<td>Country</td>
<td>Leave type</td>
<td>Eligibility</td>
<td>Payment</td>
<td>Duration</td>
<td>Funding*</td>
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<tr>
<td>Innovative and true gender equality</td>
<td>Iceland</td>
<td>PML</td>
<td>All women who have been ‘economically active’ prior to giving birth. Payment scaled according to length of time worked in preceding 24 months.</td>
<td>80% of earnings up to a ceiling of approx €6000 per month for women who have worked in the preceding 24 months. Mothers working 49% or more of full-time hours: minimum pyt of €830/month. Mothers working less than 25% of full-time hours: flat rate pyt. Mothers working 25–49% of full-time hours: minimum pyt of €630/month.</td>
<td>3 months: 1 month to be taken before birth; 2 weeks must be taken after birth. Remainder can be used until child is 18 months.</td>
<td>SI E/ee: 4% of wages; Self-employed: 5.79% of ‘presumptive income’ + 10% earnings. E/er: 11.79% of total remuneration paid.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PPL</td>
<td>All men who have been ‘economically active’ prior to the birth</td>
<td>80% of earnings up to a ceiling of approx. €6000 per month for men who have worked in the preceding 24 months. Fathers working 49% or more of full-time hours: minimum pyt of €830/month. Fathers working less than 25% of full-time hours: flat rate pyt. Fathers working 25–49% of full-time hours: minimum pyt of €630/month.</td>
<td>3 months. Can be used until child is 18 months.</td>
<td>SI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PParL</td>
<td>All parents who have been ‘economically active’ prior to the birth</td>
<td>80% of earnings up to a ceiling of approx €6000 per month for parents who have worked in the preceding 24 months. Parents working 49% or more of full-time hours: minimum pyt of €830/month. Parents working less than 25% of full-time hours: flat rate pyt. Parents working 25–49% of full-time hours: minimum pyt of €630/month.</td>
<td>3 months after birth. Can be used until child is 18 months. Each parent may also take 13 weeks; unpaid leave (child care leave or career break) until child is 8.</td>
<td>SI</td>
</tr>
<tr>
<td>Basis for selection as exemplar</td>
<td>Country</td>
<td>Leave type</td>
<td>Eligibility</td>
<td>Payment</td>
<td>Duration</td>
<td>Funding*</td>
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<tr>
<td>Example of employee funding</td>
<td>California</td>
<td>PML</td>
<td>Embedded in paid parental leave</td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>PPL</td>
<td>Embedded in paid parental leave</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>PParL</td>
<td>All workers eligible for Temporary Disability Insurance</td>
<td>55–60% of earnings up to a ceiling of US$840 (€620)</td>
<td>6 weeks</td>
<td>SI Funded totally by E/ee contribution (up to US$65 p.a)*</td>
</tr>
<tr>
<td>Flexible RTW model</td>
<td>Netherlands</td>
<td>PML</td>
<td>All female employees. Does not include self-employed women</td>
<td>100% of earnings up to a ceiling equal to maximum daily pyt for sickness benefit (€172 in 2007)</td>
<td>16 weeks: 6 weeks before birth and 10 weeks after birth</td>
<td>SI E/ee: Depends on industry — average is 5.8 % of earnings, E/er:3.45% of payroll)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PPL</td>
<td>Male or female employees who are the partner of the mother or who acknowledge the child</td>
<td>100% of earnings (no ceiling)</td>
<td>2 days to be taken with one month of birth</td>
<td>SI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>P ParL</td>
<td>All employees who have completed one year’s continuous employment with current E/r</td>
<td>Unpaid</td>
<td>13 x no. of working hours per week per parent per child</td>
<td>N/a</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Participants in the ‘Life Course Savings Scheme’ are eligible for a tax deduction of 50% of min. wage</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


*http://wfnetwork.bc.edu/The_Network_News/17/The_Network_News_Interview17.pdf
References


**Statutory instruments**

*Maternity Leave (Commonwealth Employees) Act 1973* (Cwlth)

*Workplace Relations Act 1996* (Cwlth)

*Workplace Relations Amendment (Transition to Forward with Fairness) Act 2008* (Cwlth)

ILO Convention 156, Workers with Family Responsibilities, 1981 (C156)

ILO Recommendation 165, Workers with Family Responsibilities, 1981 (R165)

ILO Convention 183, Maternity Protection, 2000 (C183)

ILO Recommendation 191, Maternity Protection, 2000 (R191)

The United Nations Convention on the Rights of the Child


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