

## Baby Steps Toward Self-funded Parental Leave

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EXECUTIVE SUMMARY

No. 100 • 18 September 2008

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Much has been made of the good that could come from giving Australian mothers paid maternity leave. But in the current debate, many of the assumptions about paid maternity leave have gone largely unchallenged.

This paper examines some of the complexities involved in implementing a taxpayer- or employer-funded scheme, and argues that while existing family payments can be justifiably absorbed into a minimalist maternity leave payment, longer periods of paid parental leave should be self-funded.

The means testing of the Baby Bonus and other family benefits signals that the government wants to cut back on cash payments for middle- and high-income families, and there appears to be quite strong community support for this. However, the introduction of a paid maternity leave scheme will lead to a fundamental contradiction in policy, which policymakers will need to address.

Compelling employers to fund maternity leave will add a cost to business that will ultimately result in lower wages or higher prices. Any scheme that is too onerous could result in employers discriminating against female employees.

To be equitable, any taxpayer-funded scheme will need to be payable to all new mothers, regardless of whether they are engaged in paid work up to the time of the birth.

Ideally, parents should be compensated for the cost of children through the tax system, but this is a long-term goal. In the short term, the Baby Bonus could be transformed into a minimalist paid maternity leave scheme, which could be funded without significant extra cost to taxpayers.

A combination of savings and loans would be the best option for self-funded maternity leave. 'Parental Leave Saver Accounts' could allow parents to save for their parental leave, rolling unused savings into super or another asset. Matched savings could provide an incentive for low-income families to participate.

If families had not saved, or if their savings ran out, they could apply for an income-contingent loan. Repayments would increase as family income increases, ensuring that loan repayments did not have a significant negative impact on household budgets.

Introducing self-funding models for parental leave would nullify claims that public funding should be extended beyond fourteen weeks, while still supporting parents who choose to stay at home with their new baby.

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The author thanks Peter Saunders, Jennifer Buckingham, and an anonymous reviewer for their comments on an earlier draft of this paper. Responsibility for any errors remains her own.

# Baby Steps Toward Self-funded Parental Leave

## Introduction

In early 2008, the federal government announced that the Productivity Commission would conduct an inquiry into the introduction of paid maternity, paternity, and parental leave. The Commission asked for public submissions into the design of a scheme, and will report its recommendations to the government in February 2009.<sup>1</sup>

The Productivity Commission's inquiry follows an earlier push, by the former federal sex discrimination commissioner Pru Goward in 2002, to introduce a period of federally funded paid maternity leave.<sup>2</sup>

Media coverage of the Productivity Commission inquiry has been extensive and largely positive. In much of the mainstream media, the introduction of a universal paid maternity leave scheme has been presented as a *fait accompli*—the only choices left to make are whether the scheme will be fully funded by taxpayers or whether employers will be required to provide 'top-up' payments, and the length of time for which leave will be funded.<sup>3</sup> While the most commonly cited model calls for fourteen weeks of paid maternity leave, many advocates have also argued for six to twelve months of paid leave.<sup>4</sup> Most submissions to the Productivity Commission inquiry call for taxpayer funding of cash benefits or employer contributions,<sup>5</sup> so it is possible that one of these models will be implemented.

Much has been made of the good that could come from giving Australian mothers paid maternity leave. But in the current debate, many of the assumptions about paid maternity leave have gone largely unchallenged.

The first section of this paper examines some of the complexities involved in implementing a taxpayer- or employer-funded scheme, exploring the benefits that may arise from a paid maternity leave scheme and evaluating arguments in favour of such a scheme. The second section argues that transforming the Baby Bonus into a maternity leave payment may be positive, but arguments in favour of longer periods of paid leave will still need to be addressed.

The final section of this paper argues that while some public support of families is desirable, parents should ultimately be responsible for their own choices. Any short period of paid maternity leave that is introduced should be supplemented by a mechanism to allow parents to self-fund longer periods of parental leave. This section explores savings, insurance, and loans, and concludes that a combination of savings and loans is the most appropriate instrument for self-funding maternity leave.

## Complexities in the paid maternity leave debate

### *International comparisons*

International comparisons made using the often-quoted statistic that Australia is one of only two countries in the OECD without paid maternity leave ignore the wider picture. Australia's total spending on family benefits is well above the OECD average. Australia already has the second-largest spending on cash benefits to families (as a percentage of GDP) in the OECD, after Luxembourg.<sup>6</sup>

Most countries with generous maternity and parental leave payments have a very different welfare system to Australia, making comparisons difficult. Countries such as Canada, Finland, France, Italy, and the Netherlands fund paid maternity leave through a combination of individual, employer, and government contributions.<sup>7</sup> This is markedly different to Australia's welfare system, where payments are funded out of general revenue and directed at the lowest-income families.

Using general revenue to fund a very generous universal scheme would be in direct contrast to Australia's tradition of targeting payments at the lowest income earners. If payment levels were set as a proportion of income, high-income families would be eligible for larger payments than low-income families—a situation antithetical to Australia's very

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progressive tax-transfer system. If a generous scheme were to be paid out of general revenue, policymakers would need to consider whether means testing was appropriate.

### ***Universality and means testing of family benefits***

Concurrent to the public debate about paid maternity leave, there has been an examination of the future of universal welfare payments in Australia. The Rudd government has signalled that it favours means testing these payments, and has already imposed income tests on the Baby Bonus and Family Tax Benefit B.<sup>8</sup>

Means testing existing family benefits and then introducing a universal, taxpayer-funded paid maternity leave scheme shows inconsistency in principles and policy.

The previous federal government introduced the Baby Bonus as a birth grant to all parents, ostensibly aimed at increasing fertility rates.<sup>9</sup> It has been criticised on the grounds that it is expensive, inefficient, and doesn't have a clear policy objective.<sup>10</sup> In August 2008, the Baby Bonus was criticised for not contributing significantly to the recovery in Australia's fertility rate.<sup>11</sup>

A Newspoll survey published in May 2008 showed that 65% of voters favoured means testing the Baby Bonus, reflecting sentiment in some parts of the community that giving the Baby Bonus to high-income families amounted to 'middle class welfare.'<sup>12</sup> Despite a new means test to be applied to the Baby Bonus from 2009, it will still be paid to about 97% of families.<sup>13</sup>

Beyond its initial remit as a fertility policy, the Baby Bonus has also evolved to become an offset to income lost while on unpaid maternity leave. The federal government's Department of Families, Housing, Community Services and Indigenous Affairs 2008–09 budget statements say that the Baby Bonus 'recognises the extra costs associated with birth or adoption of a child, including the loss of income while on unpaid maternity leave.'<sup>14</sup> It seems likely that the government intends the Baby Bonus to evolve into a paid maternity leave scheme.

If the Baby Bonus is to be transformed into a paid maternity leave scheme, clear policy objectives will need to be established: is the payment designed to recognise the costs associated with the birth of a child, or to provide a safety net for low-income families?

If the objective of paid maternity leave is to recognise the cost that all families face at the birth of a child, including lost wages, then the means test should be abolished. If the objective is to provide a safety net for low-income families, then perhaps the means test should cut in at a lower level of income.

### ***Employer contributions***

Australia does not have a tradition of requiring employers to contribute to welfare payments. There are persuasive arguments against compelling employers to contribute to paid maternity leave. Rebecca Edwards found that women who are eligible for employer-funded maternity leave have lower wages than women in comparable jobs that don't have paid maternity leave.<sup>15</sup> While the relationship between wages and employment conditions is complex, this may suggest that universal *employer*-funded maternity leave would push women's wages down and increase the gender wage gap. There is also the possibility that employers would discriminate against women when hiring. Levies imposed on all businesses would ultimately be absorbed by all employees' wages, and would increase the cost of doing business.<sup>16</sup>

In 2007, about 45% of Australian working women had access to paid maternity leave provided by their employer.<sup>17</sup> Introducing taxpayer-funded leave could discourage employers from providing paid maternity leave.<sup>18</sup> It must be assumed that if a taxpayer-funded scheme were introduced, some employers who currently offer paid maternity leave would stop providing it, transferring a cost that is now borne by business to the taxpayer.<sup>19</sup>

Employers who provide paid maternity leave claim it helps them attract and retain high-calibre staff, boosts morale, and reduces absenteeism.<sup>20</sup> In a tight labour market,

offering extra benefits such as this can give employers an edge over their competitors. Introducing mandatory employer-paid leave would smother this competition.

A universal scheme should not exclude employers from providing their own benefits to staff. If there are demonstrable gains to business and industry from providing paid maternity leave, businesses will choose to do so voluntarily, as many already are.

### **Workforce participation**

Advocates of paid maternity leave claim that beyond benefiting individual employers, paid maternity leave also has a positive effect on the broader economy by boosting workforce participation. They argue that paid maternity leave ensures that women retain some attachment to their former workplace, making them more likely to return to work than if they had simply resigned from their job.<sup>21</sup>

There is a very weak relationship between levels of government spending on family policy and workforce participation amongst mothers, and the effectiveness of different types of spending varies.<sup>22</sup> Cash benefits paid to families can actually have a negative impact on participation because they supplement family income, making it easier for families to manage on one income.<sup>23</sup>

Nevertheless, there have been several international studies that find short periods of paid maternity leave have a positive impact on women's workforce participation.<sup>24</sup> Christopher Ruhm, for instance, finds that short periods of paid maternity leave reduce women's time out of the workforce by about three months, and don't have a negative impact on wages.<sup>25</sup>

But longer periods of leave may *decrease* women's attachment to the labour force. Shirley Dex and Heather Joshi find that generous maternity leave provisions in France and Germany have dampened mothers' participation, and Marit Ronsen and Marianne Sundstrom find that very long periods of leave may reduce employment re-entry and earnings.<sup>26</sup> It appears that the relationship between paid maternity leave and workforce participation is complex and nuanced.

Recent research by the Australian Institute of Family Studies indicates that in the Australian context it is simply leave with the right to return to the same job that encourages labour-force attachment, regardless of whether it is paid or unpaid leave. There is a spike in the number of mothers who return to work when their baby is eleven or twelve months old—the time when the existing statutory unpaid parental leave entitlement expires. While mothers who take paid leave only are more likely to return to work when their babies are under twelve months, by the time the baby is eighteen months old there is little difference in the return-to-work rates between those who took paid or unpaid leave (or a combination of the two).<sup>27</sup> This suggests that if unpaid parental leave entitlements remain unchanged, the introduction of paid maternity leave will have little impact on workforce participation.

### **Working mums and stay-at-home mums**

On the grounds of fairness and equity, family policy should aim to support all families, regardless of their choices about work.<sup>28</sup> If taxpayer-funded maternity leave is introduced, it should be directed to all families equally, whether one or both parents are in the workforce.

Sociologist Catherine Hakim argues that women have varying preferences about how to manage work and family responsibilities. Some women are home-centred, prioritising family over work. Others prioritise work over family, and often decide not to have children at all. A third group are 'adaptive,' preferring a combination of career and child-rearing. Women in the adaptive group vary in the level of emphasis they place on either family or work.<sup>29</sup>

Hakim's theory suggests that for home-centred women, who prioritise family over work, eligibility for paid maternity leave is not likely to induce them into the labour market, meaning it is unlikely to lead to a large boost in workforce participation. It

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also raises questions about whether it is appropriate for public policy to be designed to encourage home-centred women to work. Instead, policy should recognise women's varying preferences.

### **Should Australia introduce paid maternity Leave?**

While the above complexities need to be considered, there are also some strong arguments in favour of paid maternity leave. There is considerable empirical evidence to suggest that early return to work can have a negative impact on maternal and child health. In the US, Pinka Chatterji and Sara Markowitz found that access to maternity leave is associated with reduced incidence of depression in new mothers.<sup>30</sup> In a study of OECD countries, Tanaka found that access to maternity leave significantly decreases infant mortality rates.<sup>31</sup>

In the US, Lawrence Berger, Jennifer Hill, and Jane Waldfogel found that babies are less likely to be breastfed and immunised, and more likely to show behavioural problems, if their mothers return to work before they are twelve weeks old.<sup>32</sup> Recent research from the University of Melbourne showed that Australian women are significantly less likely to continue breast-feeding after they return to work, even if it is only part-time.<sup>33</sup> The World Health Organization recommends babies be exclusively breast-fed until six months of age to achieve the best health outcomes.<sup>34</sup>

There is also some evidence to suggest that putting very young babies into childcare can have a negative effect. US research indicates that young children have increased levels of the stress hormone cortisol when they are in child care.<sup>35</sup> Jennifer Buckingham reviewed a number of studies that evaluate the emotional and developmental effects of child care on young children. The studies provide mixed results. While some suggest child care provides positive social interaction for children, others point to negative effects such as behavioural problems. While child care is not proven to be universally good or universally bad for children, we cannot 'confidently accept the null hypothesis, that child care does no harm, especially to infants.'<sup>36</sup>

### ***So, what's the answer?***

The arguments about how to design family policy rest on one central question: how much of the cost should be borne by society as a whole, and how much should be borne by individual parents?

Nancy Folbre argues that children are public as well as private goods, and the community should bear some of the cost involved in raising them.<sup>37</sup> The question is, to what degree?

Ideally, families should be compensated for the costs of children through the tax system, but this is a long-term agenda.<sup>38</sup> In light of evidence about the health and welfare benefits of mothers providing personal care to their newborns, public provision of some maternity leave seems justifiable in the short term, but some equity concerns would need to be addressed.

Any paid maternity leave scheme must be available to both working and non-working mothers, and should be a universal payment regardless of income. The aim of the policy is to support women as they bond with their babies, and should apply to all new mothers equally.

In view of the already generous payments to families, any paid maternity leave scheme should not involve significant extra expense to taxpayers. Such expense could be avoided by rolling existing family benefits, including the Baby Bonus, into a maternity-leave payment. A 'minimalist' scheme of fourteen weeks at minimum wage is reasonably achievable. There should be no compulsion for employers to contribute to the scheme, although they could still negotiate individual arrangements with employees.

A short, universal, publicly funded maternity leave scheme such as this would meet all equity requirements without requiring significant additional spending.

However, international experience has shown that once paid maternity leave is introduced, it is quickly lengthened.<sup>39</sup> Advocates of six to twelve months of publicly

funded maternity leave are unlikely to be satisfied with the introduction of a fourteen-week scheme.<sup>40</sup> To nullify claims that public funding should be increased, any minimalist model needs to be complemented by a policy to provide longer periods of parental leave.

## **Alternative funding arrangements for longer periods of parental leave**

While maternity leave refers to time reserved for mothers immediately after giving birth, parental leave refers to a longer period of leave, which can be taken by either parent.<sup>41</sup>

A self-funded scheme could be developed for longer periods of parental leave. Australians are already accustomed to using loans, insurance, and savings to smooth their lifetime income. HECS, private health insurance, and superannuation are all examples of this.<sup>42</sup>

The ideas set out here evaluate the plausibility of using insurance, savings, or loans to fund longer periods of parental leave, and provide a starting point for conceiving a paid maternity leave scheme outside the taxpayer- or employer-funded model.

### **Insurance**

Voluntary insurance is not a realistic alternative to public funding of maternity leave, because only those who are likely to become pregnant will insure, pushing the cost of premiums up and the insurers' profitability down.<sup>43</sup> This means that any insurance scheme must be compulsory.

Government-run social insurance schemes fund maternity leave in many countries, including Finland, France, Italy, and the Netherlands.<sup>44</sup> Because the schemes are funded out of worker and employer contributions rather than general revenue, they can afford to be quite generous.

However, a government-run scheme of this nature would not be appropriate for Australia. Lance Jackson and Suzanne Bozic contend that Australia's welfare system is profoundly different to a social insurance system.<sup>45</sup> Individual and employer contributions to government benefits represent a marked departure from the way social spending is funded in Australia.<sup>46</sup> The creation of a social insurance scheme would require a complete overhaul of Australia's tax and transfer system, and this seems an unlikely prospect.

Another option is to require all employers to privately insure their staff for maternity leave. In five US states, women can claim paid maternity leave through Temporary Disability Insurance. This type of insurance provides partial wage replacement if an employee sustains an injury outside the workplace that renders them temporarily unable to work, and has been extended to provide income support for employees on maternity leave.<sup>47</sup> Employees can be required to meet the cost of premiums, or employers can choose to pay on their behalf.<sup>48</sup>

But the key concern with either social or private insurance is the cost of compliance for business. Making employers insure employees for paid maternity leave will have the same effect as requiring employers to simply pay their employees' maternity leave benefits.

The cost of premiums would ultimately result in reduced wages or profits, potentially leading to higher prices. If women were seen as more expensive to hire than men, employers might be discriminatory in their hiring practices and the policy could result in higher unemployment for women.<sup>49</sup>

Equality also becomes a concern if insurers are allowed to charge actuarial premiums related to the risk profile of particular employers or industries.<sup>50</sup> Firms or industries with large numbers of women may face higher premiums and have a disincentive to hire women, and the cost may not be spread fairly across the sexes.

Because of the potential problems with each of these models, it appears that paid maternity leave insurance is not a viable solution.

### **Savings**

Savings accounts are widely accepted as a way for individuals to fund their own social security. In Australia, the infrastructure for setting up a savings account system already

**A self-funded scheme could be developed for longer periods of parental leave.**

**Savings accounts could fund both maternity and paternity leave.**

exists. Superannuation accounts are the most common example of this, and the federal government has recently announced the introduction of 'Home Saver Accounts.' Savings schemes exist to fund retirement, health and education costs, and unemployment benefits, in countries such as the US, UK, Singapore, and Chile.<sup>51</sup>

In a savings scheme, individuals are required to keep their personal account at a minimum balance, which can be topped up through future earnings if drawn upon. Alternatively, individuals can choose to save more than the required minimum. Contributions (to a ceiling) are tax-privileged, making saving a more attractive proposition. At retirement, unused savings can be rolled into superannuation.

The federal government has recently introduced First Home Saver Accounts, which provide incentives for young Australians to save for a first home.<sup>52</sup> Voluntary 'Parental Leave Saver Accounts' could work in the same way.

Because individuals would be drawing from their own savings, they could be afforded a high degree of flexibility. They could choose to maintain their fund at the minimum level, or build their savings up to fund a longer period of leave or a benefit that was closer to income-replacement level. Savings accounts could fund both maternity and paternity leave, or even other types of leave such as for when an older child was sick.<sup>53</sup> Unused savings could be used to pay for school fees, put towards the purchase of a house, or rolled into superannuation.

An issue with any self-funded scheme is how to distribute risk evenly across the sexes. Women alone have the responsibility of childbearing, but men usually earn higher incomes. So that women alone do not have to bear the cost of their leave, partners or family members could be allowed to pool funds or transfer funds between their savings accounts, meaning the lower-income partner could access the savings of the higher-earning partner.<sup>54</sup> Transfers such as this have proven successful in Singapore.<sup>55</sup> Savings accounts could be split between couples in the event of separation.

Critics of savings schemes argue that they are appropriate for individuals with average or above-average incomes, but are inequitable for people with lower-than-average incomes, as they exacerbate lifetime inequality.<sup>56</sup> However, properly designed savings accounts can provide low-income groups with a 'better instrument for smoothing income over time.'<sup>57</sup>

Matched savings or incentives directed at low-income individuals or families mean that schemes such as this can be progressive, and can even have flow-on economic benefits if they allow low-income people to roll unused funds into superannuation or the purchase of a house.

In Australia, the government already matches savings for low-income individuals who make voluntary contributions to their superannuation, and for people with First Home Saver Accounts. Singapore, the US, and the UK also provide targeted matched savings and incentives to help low-income people fund their own social security.<sup>58</sup>

The Centre for Independent Studies has previously proposed the establishment of 'Personal Future Funds' for all Australian taxpayers, arguing that the 'Future Fund' should be evenly divided into a personal savings account for each Australian, which would form the basis of their own savings to fund their future social security.<sup>59</sup> A scheme such as this could provide all workers with a base amount in their parental leave savings account, which could be built upon.

A potential problem with voluntary savings accounts is that individuals may not have accumulated enough savings by the time they have children. To overcome this, a combination of savings and loans may be more appropriate. While tax breaks would create an incentive to save, families who didn't save or whose savings ran out could apply for a loan.

**Loans**

A third approach to self-funding paid maternity leave is through a loan scheme. 'Mortgage-style' bank loans, where a fixed amount needs to be repaid over the life of the loan at

market interest rates, could be used to finance paid maternity leave.<sup>60</sup> Yet there are several potential problems with this type of loan.

Banks may be unwilling to lend money to families who will have a reduced or irregular source of income. Family incomes can fluctuate and be difficult to predict when children are young. Parents might be unwilling to take on an inflexible loan that they may have trouble repaying, or loan repayments might cause financial stress.<sup>61</sup> Low-income families who are likely to default would also find it difficult to obtain a loan.<sup>62</sup>

As an alternative, the Centre for the Economic Development of Australia proposes HECS-style income-contingent loans to fund parental leave beyond any available taxpayer- or employer-funded leave. Eligibility could be restricted to parents with a history of workforce attachment, to avoid loans being given to families who are unlikely to repay them. Repayments would be made only when a family's income reaches a certain threshold, with progressively higher rates of repayment for higher income levels. Repayment would be based on both parents' incomes, and shared between parents in the advent of separation. The scheme could be designed so as not to place undue financial stress on families at times when they had other debt such as housing loans. Individuals would be free to negotiate to have loan repayments met by their employer upon their return to work.<sup>63</sup>

CEDA's report proposes a loan surcharge of 20%, which would effectively act as an interest rate to meet the cost of providing the loan. Yet there would still be an implicit taxpayer subsidy, as the government would act as the guarantor of the loans.<sup>64</sup> While the actual cost to taxpayers has not been modelled, and would depend on the final conditions imposed on the loan, it would be significantly less than funding parental leave from general revenue.

Nicholas Barr argues that income-contingent loans are 'compatible with the benefit principle, the ability to pay principle and the social insurance principle.'<sup>65</sup> They are fair because they are ultimately self-funded: while all taxpayers would be forced to pay for a government-funded paid maternity leave scheme, individuals could opt in or out of an income-contingent loan scheme. Such a scheme would fund paid parental leave more equitably than mortgage-style loans, because low-income families would be able to participate.

## Conclusion

Advocates of paid maternity leave have been able to tap into a compelling emotional argument. After all, who would deny new mothers the chance to provide exclusive care for their babies when they are very young? But arguments put forward in favour of the policy should still be subject to critique.

While the Baby Bonus could be modified into a minimalist and universal maternity leave payment, there would certainly be pressure for longer periods of parental leave to be funded. A combination of 'Parental Leave Saver Accounts' and income-contingent loans could assist parents in self-funding their leave.

These ideas represent a starting point in the work of conceiving a way in which parental leave could be self-funded. They all require some degree of public funding, but markedly less than simply paying government-funded parental leave through the welfare system.

Critics of paid maternity and parental leave argue that there is no place for public funding at all—that having children is a free choice and parents must bear the ultimate responsibility. This argument is persuasive, but the tone of the current debate indicates that the introduction of paid maternity leave is almost inevitable. Introducing self-funding models for parental leave would nullify claims that public funding should be extended beyond fourteen weeks, while still supporting parents who choose to stay at home with their new baby.

**A combination of 'Parental Leave Saver Accounts' and income-contingent loans could assist parents in self-funding their leave.**

## Endnotes

- <sup>1</sup> Productivity Commission, 'Paid Maternity, Paternity and Parental Leave' (2 September 2008), [www.pc.gov.au/projects/inquiry/parentalsupport](http://www.pc.gov.au/projects/inquiry/parentalsupport).
- <sup>2</sup> HREOC (Human Rights and Equal Opportunity Commission), *A Time To Value: Proposal for a National Paid Maternity Leave Scheme* (Sydney: HREOC, 2002), [www.hreoc.gov.au/sex\\_discrimination/paid\\_maternity/pml2/index.html](http://www.hreoc.gov.au/sex_discrimination/paid_maternity/pml2/index.html).
- <sup>3</sup> See, for example, '14 Weeks Maternity Leave "Wouldn't Hurt",' *The Daily Telegraph* (30 March 2008); 'Unions Fight Rudd on Paid Maternity,' *The Daily Telegraph* (1 April 2008); 'Calls Grow for Maternity Leave,' *The Australian* (31 March 2008); 'Paid Maternity Leave "Urgent",' *The Australian Financial Review* (23 April 2008); and Kate Benson, 'Unions Press for More Paid Leave to Breastfeed,' *The Sydney Morning Herald* (10 March 2008); Elizabeth Broderick, Sharan Burrow, and Heather Ridout, 'Maternity Scheme is Overdue,' *The Age* (8 April 2008).
- <sup>4</sup> See for example, a public campaign organized by GetUp! for six to twelve months' paid maternity leave, encompassing several organisations. See 'Paid Parental Leave,' *GetUp!* [www.getup.org.au/campaign/AllTheOtherKidsAreDoingIt?id=381](http://www.getup.org.au/campaign/AllTheOtherKidsAreDoingIt?id=381).
- <sup>5</sup> Submissions are available to view at [www.pc.gov.au/projects/inquiry/parentalsupport/docs/submissions](http://www.pc.gov.au/projects/inquiry/parentalsupport/docs/submissions).
- <sup>6</sup> OECD, 'OECD Family Database,' [www.oecd.org/document/4/0,3343,en\\_2649\\_34819\\_37836996\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/4/0,3343,en_2649_34819_37836996_1_1_1_1,00.html).
- <sup>7</sup> OECD, 'Babies and Bosses: Reconciling Work and Family Life—A Synthesis of Findings for OECD Countries' (Paris: OECD, 2007), 213.
- <sup>8</sup> See, for example, 'Rudd Defends Baby Bonus Means Test,' *The Age* (14 May 2008); Stephanie Peatling, 'Cut-off at \$150,000 for Baby Bonus,' *Sydney Morning Herald* (14 May 2008); Lenore Taylor, 'No Regrets over Targeting Rich,' *The Australian* (7 May 2008); Michelle Grattan, Katharine Murphy, and Tim Colebatch, 'Budget to Target Benefits for the Well-off,' *The Age* (8 May 2008); Stephen Lunn and Lauren Wilson, 'Time to Rethink Baby Bonus,' *The Australian* (14 March 2008); and Michelle Grattan, 'Have the Haves Had it Too Good?' *The Age* (9 May 2008).
- <sup>9</sup> Ross Guest, 'The Baby Bonus: A Dubious Policy Initiative,' *Policy* 23:1 (Autumn 2007), 11–15.
- <sup>10</sup> ACOSS (Australian Council of Social Service), 'Budget Waste and Well-off Welfare,' (Sydney: ACOSS, 2003).
- <sup>11</sup> Siobhain Ryan, 'Baby Bonus Failing to Deliver,' *The Australian* (6 August 2008).
- <sup>12</sup> George Megalogenis, 'Strong Support to Deny the Rich,' *The Australian* (12 May 2008).
- <sup>13</sup> Families with an annual income of \$150,000 will no longer be eligible for the Baby Bonus. Eligibility is calculated on a pro-rata basis during the first six months after the baby is born. For families where only one parent is working during the first six months after the baby's birth, eligibility will be calculated on the working parent's income only. Blogger Andrew Leigh uses data from the Household, Income and Labour Dynamics in Australia (HILDA) survey to calculate the 2008 distribution of incomes for individuals. Leigh's figures indicate that the Baby Bonus will continue to be paid to between 95% and 99% of families. *The Australian* quotes Treasurer Wayne Swan saying that only 3% of families will be affected by the means test. See George Megalogenis, 'Wealthy Hit by a Double Whammy,' *The Australian* (15 May 2008).
- <sup>14</sup> Department of Families, Housing, Community Services and Indigenous Affairs, 'Portfolio Budget Statements 2008–09—Agency Resources and Planned Performance,' [www.fahcsia.gov.au/internet/facsinternet.nsf/aboutfacs/budget/budget2008-08\\_pbs.htm](http://www.fahcsia.gov.au/internet/facsinternet.nsf/aboutfacs/budget/budget2008-08_pbs.htm), 88.
- <sup>15</sup> Rebecca Edwards, 'Maternity Leave and the Evidence for Compensating Wage Differentials in Australia,' *Economic Record* 82:258 (2006), 281–297.
- <sup>16</sup> Benjamin D. Sommers, 'Who Really Pays for Health Insurance? The Incidence of Employer-Provided Health Insurance with Sticky Nominal Wages,' *International Journal of Health Care Finance and Economics* 5:1 (2005), 89.
- <sup>17</sup> ABS (Australian Bureau of Statistics), *Australian Labour Market Statistics*, Jul 2008 (Canberra: ABS, 2008), [www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/6105.0 Feature %20Article4Jul%202008?opendocument&tabname=Summary&prodno=6105.0&issue=Jul %202008&num=&view=.](http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/6105.0%20Feature%20Article4Jul%202008?opendocument&tabname=Summary&prodno=6105.0&issue=Jul%202008&num=&view=)
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