

Parental leave eligibility in Australia and Japan: inclusion and exclusion in an era of labour market precarity

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Who gets what, how much and why? Inclusion and exclusion in access to paid
leave within and between countries

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Outline

1. Baseline policy comparison
 - Leave types, duration and payment levels
 - Generosity rankings (OECD)
 - Supports for class and gender equality in basic policy design
2. Eligibility – inclusion and exclusion
 - Citizenship, family type
 - Employment requirements/ ‘work tests’
3. Labour force status barriers
 - Long term ‘dualisation’ and potentially narrowing access to parental leave entitlements
 - Labour force status divisions – the contemporary picture
4. Politics of policy change , barriers to extending and ‘future proofing’ entitlements (*for future development*)

1. Baseline policy comparison – parental leave and payment entitlements in Japan and Australia

Leave entitlements in Japan and Australia: **variations on the ‘maternity+paternity+parental’ model**

Japan

- ‘Maternity’ (pre- and post-natal) leave
 - 6 and 8 weeks respectively
- Parental leave
 - Individual, non-transferable, entitlement for each parent
 - Up to 12 months from the birth, 14 months if both parents take some leave (extensions to 24 months if childcare unavailable)
 - Flexibility – parents can take leave simultaneously; fathers can take leave in 2 separate periods (including one during 8 weeks after birth, and one later after returning to work for a period)

Australia

- Parental leave
 - Individual entitlement for each parent, unused portion can be transferred to the other parent
 - Up to 12 months, possible extension to 24 months if employer agrees (limit of 24 months per employee couple)
 - Flexibility – parents cannot take leave simultaneously except for a permitted 8-week overlap; leave must be taken in one continuous period

1. Baseline policy comparison – parental leave and payment entitlements in Japan and Australia

Payment entitlements in Japan and Australia: **variations on the ‘maternity+paternity+parental’ model**

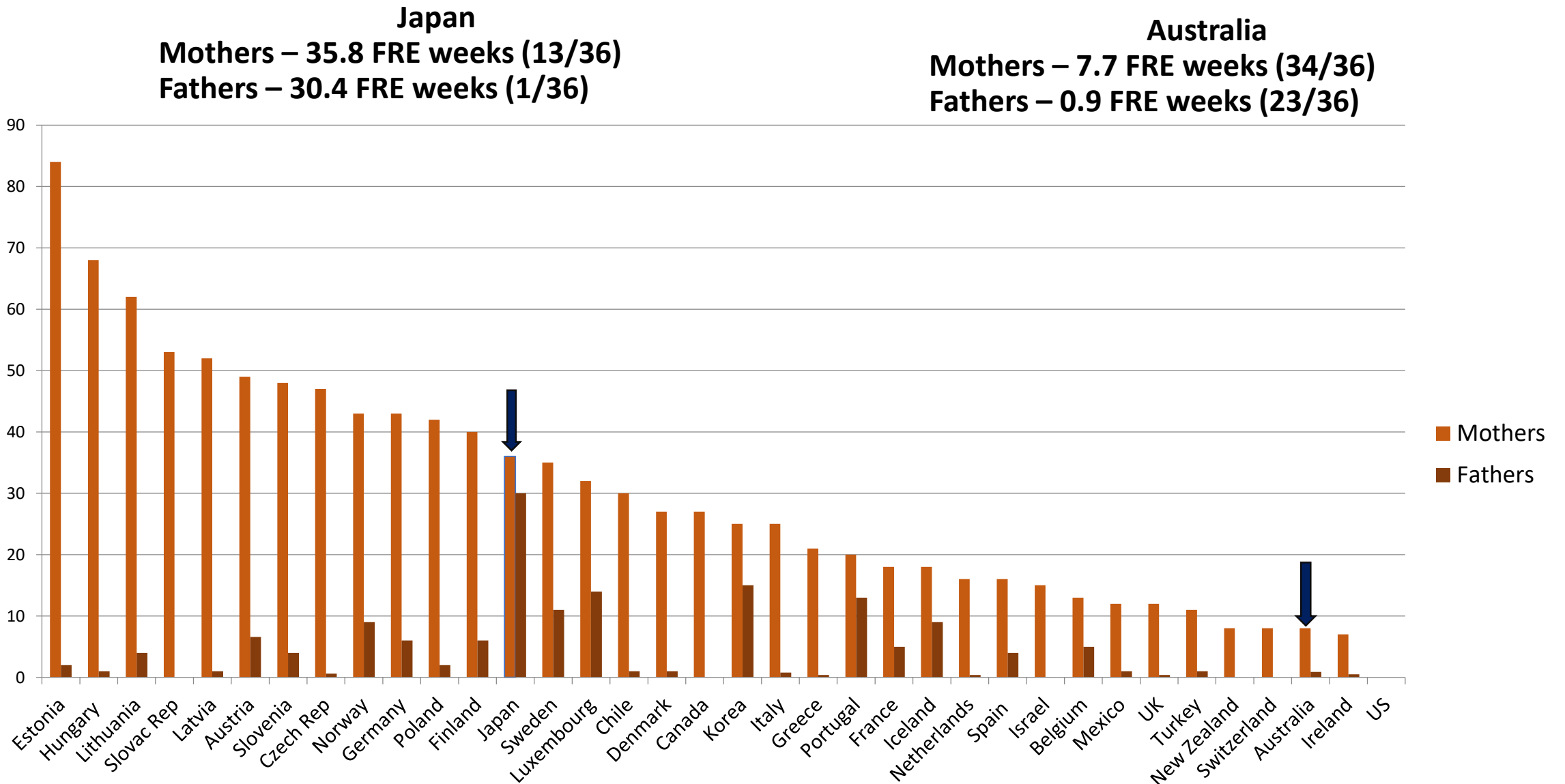
Japan

- ‘Maternity’ (pre- and post-natal) leave payment
 - 14 weeks paid at 2/3 earnings
- Parental leave payment
 - First 180 days paid at 67% earnings; remainder paid at 50% of earnings
- Funded from Employee Health Insurance (Maternity), and Employment Insurance (Parental)

Australia

- Parental leave pay (PLP)
 - 18 weeks paid at National Minimum Wage to ‘primary carer’ (paid to the mother unless she transfers it to another primary carer) [\$AUD13,334.40/€8,134.96]
 - Can be taken while on unpaid leave or other paid leave (including employer-paid maternity/parental leave)
- Dad and Partner Pay (DaPP) [‘Paternity’]
 - 2 weeks paid at National Minimum Wage to the father (or mother’s partner), cannot be transferred to the mother
 - Must be taken while on unpaid leave or not working; cannot be taken while on other paid leave
- Funded from general revenue

Generosity rankings: 'Full rate equivalent' (FRE) weeks of paid leave^a



a) Duration of leave in weeks*payment (as % of average earnings)

Source of data: OECD (2019) *PF2.1 Parental leave systems*, OECD Family Database, Tables PF2.1.A, PF2.1.B

Capacity of paid leave arrangements to support gender equality

Japan

- Highly paid individual entitlements
- Non transferable between parents
- Increasing duration from 12 to 14 months if both parents take some leave
- Flexibility
 - Fathers may take leave in two separate periods
 - Parents can take leave simultaneously
 - Employees may work up to 80 hours during a 1 month payment period, but the benefit will be reduced if earnings + benefit exceeds 80% of earnings prior to leave

Australia

- Modestly paid individual entitlement for primary carer (presumed to be the mother)
- Can be transferred to the father or another 'primary carer' (however used by mother in around 99% of cases; OECD classifies the entitlement as 'paid maternity leave')
- Limited flexibility
 - Must be taken in one continuous period
 - DaPP can be taken while the mother is receiving PLP (consistent with 'maternalist base' paternity leave)
 - Must not be working to receive PLP or DaPP

Capacity of paid leave arrangements to support aspects of class equality

Japan

- Minimum payment per month during 67% earning period of JPY49,647 (€382.09)
 - Equivalent to 19% average monthly earnings of full-time permanent female employees, 14% of full-time permanent male employees
 - Any recipients earning less would be raised to the minimum payment – however it is very low
- Maximum payment per month during 67% earning period of JPY299,691 (€2,306.48)
 - Equivalent to 113% average monthly earnings of full-time permanent female employees, 85% of full-time permanent male employees
- Upper limit of benefit set at 80% of earnings (if benefit + employer payment exceeds this, benefit is reduced commensurately)
- Benefit untaxed

Australia

- Payment at full-time National Minimum Wage (NMW): \$740.80 [€452]/week
 - Equivalent to 50% and 43% respectively of average ordinary time weekly earnings of female and male full-time adult workers
 - Those earning below the full-time NMW (e.g. because they are not working full-time or on a regular basis, or are just low paid) may receive more than their normal earnings under the scheme
 - Uptake is highest among irregular status, low paid workers (those least likely to have access to employer-paid schemes)
- Earnings ceiling for eligibility (\$AUD150,000 [€91,393]), around twice average ordinary time annual earnings of female full-time adult workers
- Benefit taxed

2. Eligibility limits – paid parental leave inclusions and exclusions

Japan

- No residency/citizenship limits
- Limitations for partners in same sex couples:
 - A partner in a same sex couple who is registered as a parent of a child is eligible for parental leave, because she/he is entitled as an individual employee (see next slide);
 - However her/his same-sex partner is not entitled as she/he cannot be registered as a parent.
- No earnings cap for access

Australia

- Australian citizen or permanent resident (with limited exceptions)
- Extends to same sex couples
- Earnings cap for access: \$AUD150,000 in previous year

2. Eligibility limits – paid parental leave inclusions and exclusions (contd)

Japan

- Covers employees only (excludes self-employed)
- Includes all employees covered by employment insurance
 - Employees must be working a minimum of 20 hours per week to be covered by Employment Insurance
 - Employees must have contributed to Employment Insurance for at least 12 months during the two years preceding the date on which the leave started, and worked for 11 or more days in each of those months
- Employment requirements for fixed-term workers
 - Employees on fixed-term contracts are excluded if they have been with their current employer for <12 months, or if they are working fewer than 3 days per week
 - Employees on fixed-term contracts are included unless it is obvious that their contract will cease before the child reaches 18 months of age and will not be extended

Australia

- Includes employees and self-employed, casual and seasonal workers, contractors and family business workers (even if not paid)
- Work requirements
 - Working for at least 10 of the 13 months prior to the birth or adoption; undertaking at least 330 hours of work in that 10 months; no more than an 8-week gap between two working days
 - Employees on fixed-term contracts are eligible provided they meet this work test
- Broader coverage than leave entitlement, which is limited to employees and excludes those with <12 months continuity with an employer prior to the birth and casuals who do not meet the Act's definition of a 'long term casual'*, as well as not providing job protection for fixed-term employees whose contract ends while they are on leave

Implications of eligibility limits for location within ‘equality’ typologies

	Citizenship	Employment
Universal		
Selective		Australia, Japan ‘adult worker’ models

(Dobrotić and Blum 2019)

- Australia and Japan as examples of ‘adult worker’ models within this typology, illustrating the variation possible
- Questions for development:
 - How permeable are the boundaries between universality and selectivity within employment entitlements, and to what extent do Australia and Japan approach or cross boundaries?
 - How might other dimensions of class equality be incorporated?
- Overlapping dimensions
 - Gender equality: ‘Gendered’ (Australia) to ‘Degendered’ (Japan) (Dobrotić and Blum 2019)

Uptake gaps – illustrating limits to coverage

Japan

- Uptake as percentage of new births (April 2017-March 2018)
 - Mothers – 34.8%
 - Fathers – 1.5%
- Uptake as percentage of eligible (2016/17)
 - 83% eligible mothers
 - 5% of eligible fathers

Australia

- Uptake as percentage of new births
 - PLP – 49% (2018)
 - DaPP – 25% (2018)
- Uptake as percentage of eligible (approximations, based on research conducted for the Paid Parental Leave Scheme evaluation 2012-2015)
 - 84% eligible mothers took PLP
 - 36% of eligible fathers took DaPP (with higher uptake – up to 50% - among casual and self employed fathers)

3. Labour force status barriers - long term 'dualisation' trends

Some perspectives on trends and remedies from the literature, some of the changes observed in Japan and Australia

- | | |
|-------------------------|--|
| Palier (2018) | Advanced industrialised economies confronting a long-term dualisation trajectory – forcing apart labour market insiders and outsiders “in an ongoing process that amplifies trends that have been detectable since the 1980s”. |
| Hacker (2016) | Process of ‘risk shifting’ (from state to individuals and families, employers to employees) over a sustained period |
| Kalleberg (2018) | Precarious work leads to precarious lives, strategies for worker organisation and policy redirection to reverse the trend |

Japan

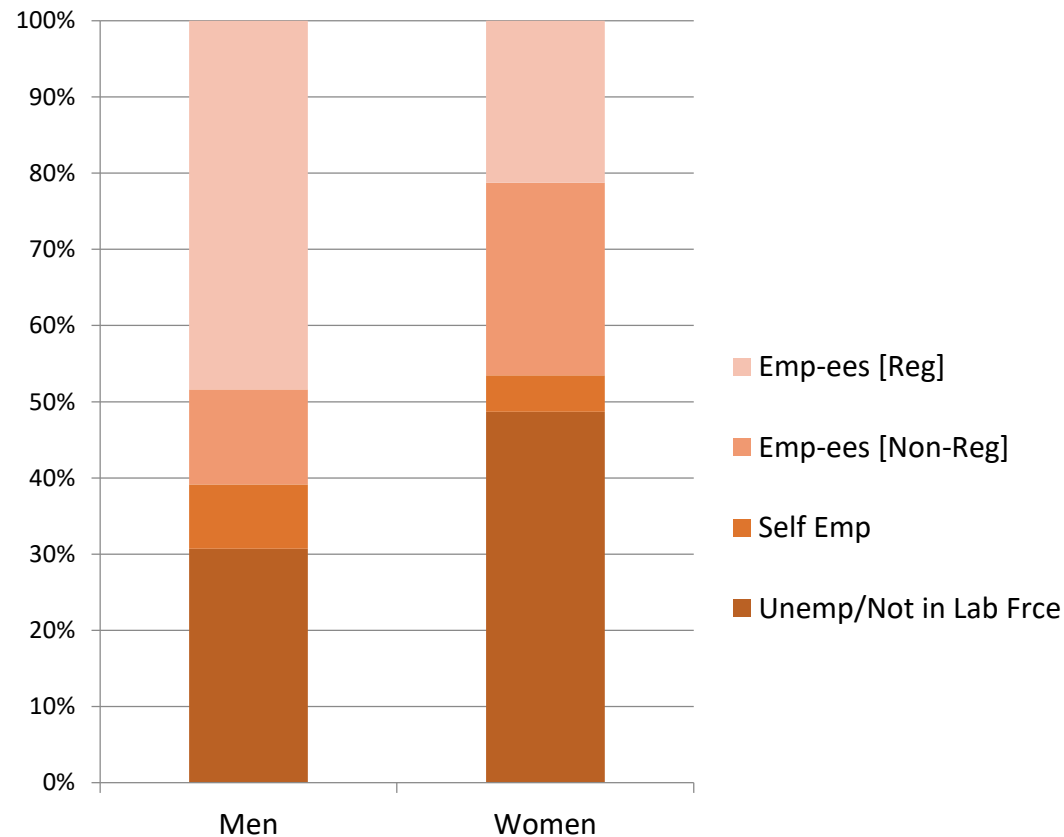
- Erosion of ‘life-time’ employment standard
- Increasing proportion of non-regular workers
 - Female regular workers declined from 68% in 1985 to 44% in 2016 (Labour Force survey 2017)

Australia

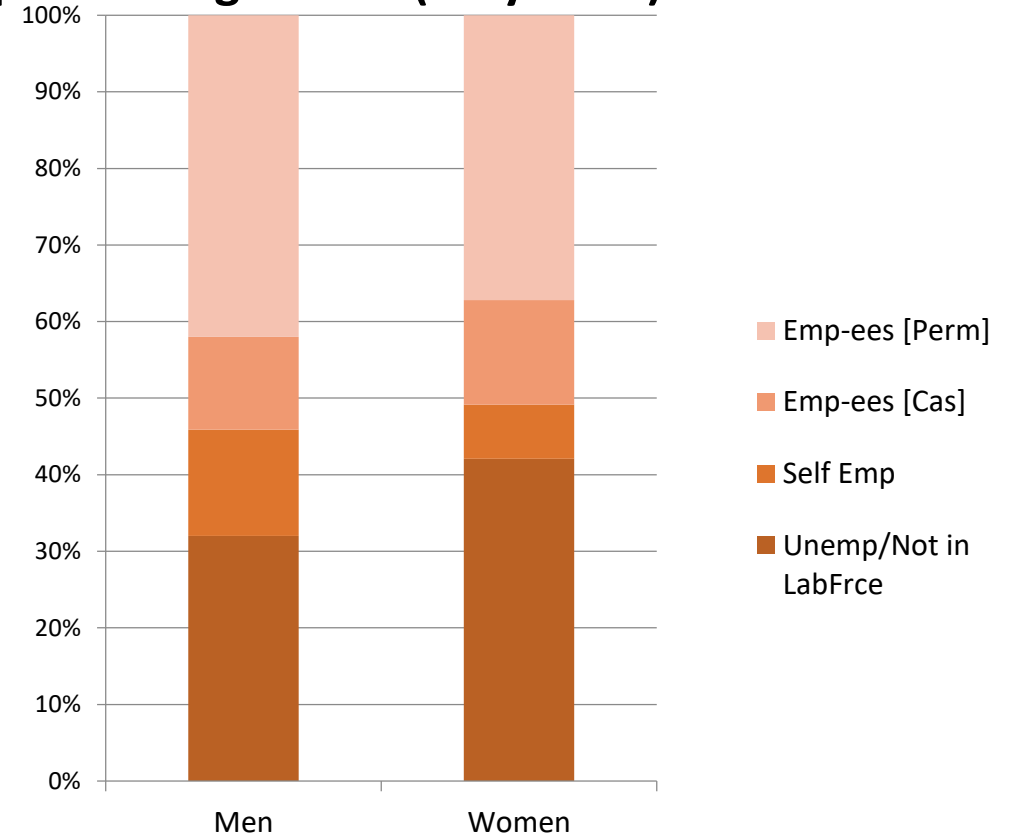
- Erosion of ‘standard employment relationship’ (SER) and regulatory coverage
- Rapid increase in casual and part-time work over last decades of 20th century – slowing since 2000, but ongoing high levels of non-standard work
 - Full-time permanent employment declined from around 2/3 of all workers in 1980 to 50% in 2018

Labour force status: implications for coverage of parental leave and payment benefits

Japan: labour force status as % of population aged 15+ (2018 average)



Australia: labour force status as % of population aged 15+ (May 2019)



Japan – fixed-term workers (a sub-category on ‘non-regular’ workers in previous slide): eligibility and leave uptake figures
[No comparable figures are available for Australia]

- Among fixed-term workers in 2018
 - 88% of female fixed-term contract workers who gave birth in 2018 were eligible for paid parental leave benefits (with eligibility ranging from 3% to 100% across industries)
 - Of the 88% overall who were eligible, 80% accessed the benefits
 - 75% of male fixed-term contract workers whose spouse gave birth in 2018 were eligible for paid parental leave benefits (with eligibility ranging from 14% to 100% across industries)
 - Of the 75% overall who were eligible, 10% accessed the benefits
- However these figures are inflated because a high proportion of female ‘non-regular’ (including fixed-term contract) workers exit the labour market prior to the birth of a child. For example:
 - Among mothers in non-regular employment prior to a first birth, 74.8% left prior to the birth while 10.6% took parental leave
 - Among mothers in regular employment prior to a first birth, 31% left prior to the birth while 54.7% took parental leave

Conclusions

- Japan and Australia provide contrasting examples of parental leave entitlements, with policy designs that provide differing capacities to support gender and class equality (noting that exemplary ‘degendered’ design has limited capacity to affect behaviour if there is a lack of ‘fit’ with embedded gender norms and labour market structures and expectations)
- Both Japan and Australia have made efforts to broaden access to paid parental leave entitlements across the labour market in policy design; Australia somewhat more so than Japan with inclusion of the self-employed and loosening barriers to access for non-standard workers (although Australian eligibility criteria for ‘leave’ are more restrictive than those for payments)
- However, eligibility criteria for paid parental leave entitlements that are broadly conceived in ‘employment entitlement’ policy models may still have limited capacity to advance equality of access in highly ‘dualised’ labour markets (which are evident in both countries)
 - Not only may those in various forms of non-regular/ non-standard forms of employment be excluded, even those with formal eligibility may be constrained in access due to the insecurity of their work situation or the risk of employment penalties
- Future directions for research: in both countries, more comprehensive social statistics are needed to identify formal and informal limits to accessing parental leave entitlements more precisely and to better explain labour force exits among mothers and barriers to uptake of paid parental leave among mothers and fathers.

References

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