



11 March 2020

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

To whom it may concern –

Re: Inquiry into the Paid Parental Leave Amendment (Flexibility Measures) Bill 2020

I am pleased to present the Workplace Gender Equality Agency's (WGEA, the Agency) submission to the Inquiry into the Paid Parental Leave Amendment (Flexibility Measures) Bill 2020.

The WGEA is an Australian Government statutory agency created by the *Workplace Gender Equality Act 2012*, charged with promoting and improving gender equality in Australian workplaces.

We collect data from all non-public sector employers with over 100 employees against six key gender equality indicators. We use this data to work collaboratively with employers and the public to improve the state of gender equality in workplaces.

Australia's paid parental leave scheme supports Australian families in the period following the birth or adoption of a child, with the overall aims of enhancing child and maternal health, facilitating women's labour force participation, and encouraging gender equity by improving the balance in managing caring and work responsibilities.

The Paid Parental Leave Amendment (Flexibility Measures) Bill 2020 will enhance Australia's paid parental leave scheme and contribute to women's labour force participation through greater flexibility in how primary carers utilise paid parental leave. These outcomes will be strengthened if they are complemented by measures that make parental leave equally accessible to both parents.

In Australia, women still spend more time on primary caring responsibilities and on unpaid care and domestic work. This limits the time they have available to participate in the workforce. In addition, men who would like to take on more caring responsibilities are often not supported to do so. Social and workplace norms and expectations contribute to the ongoing gender imbalance in paid and unpaid work, as does the gender pay gap because household incomes are less likely to experience a loss when mothers take time away from or reduce their participation in the workforce.

Leading practice from the private sector demonstrates that paid parental leave policies that are not only flexible but also equally accessible to both parents positively impact business, employees, and Australian families. Such policies can give organisations a competitive edge by attracting and retaining talent, and also link to increased employee productivity and loyalty.

Flexible and gender-neutral paid parental leave also provides families more choice about managing paid and unpaid responsibilities and can promote a model of shared care. Men who take parental leave are more likely to continue their involvement in unpaid care and domestic work. This means that women have the choice to spend more time in paid employment, which has important consequences for the gender pay gap and women's labour force participation.

Our enclosed submission draws on leading practice from the private sector to demonstrate how paid parental leave contributes to more gender equitable outcomes. Thank you for the opportunity to comment on this important bill.

Kind regards,

Libby Lyons





March 2020

Submission to the Senate Inquiry into the Paid Parental Leave Amendment (Flexibility Measures) Bill 2020

The Paid Parental Leave Amendment (Flexibility Measures) Bill 2020 aims to enhance the objectives of Australia's parental leave scheme, particularly related to women's labour force participation. It will do this by providing additional flexibility to how the 18-week period of parental leave is utilised. Following an initial 12-week block of parental leave and up until the child turns two years old, primary carers will be able to decide when to claim a maximum of 30 days of paid parental leave.

The Workplace Gender Equality Agency's (WGEA) submission states how paid parental leave contributes to more gender equitable outcomes in balancing paid and unpaid responsibilities. Leading practice from the private sector demonstrates that more flexible and gender-neutral parental leave policies benefit organisations, employees, and Australian families.

Key points

- Leading practice employer-funded paid parental leave policies are flexible and equally accessible to all parents promoting gender balance in managing paid and unpaid caring responsibilities.
- Leading practice employers report that the number of men taking parental leave and engaging in flexible work has increased.
- If men's caring role is acknowledged and supported through access to parental leave and flexible working arrangements, women will have more choice over their career progression, earning capacity, and participation in the labour force.
- Flexible parental leave can contribute to women's labour force participation, but should be complemented with measures that increase and encourage men's access to parental leave and participation in unpaid care work.
- More women take parental leave due, in part, to the loss of their earnings having less impact on household income.

About paid parental leave and gender equality

Australia's parental leave scheme aims to support Australian families in the period following the birth or adoption of a child. It does so with the objectives of enhancing the health of children and mothers; facilitating women's labour force participation; and encouraging gender equity and improving the balance in managing caring and work responsibilities.¹

Australia's government-funded paid parental leave scheme was first introduced in 2011, and provides two payments—Parental Leave Pay and Dad and Partner Pay (DaPP). In its current form, parental leave pay is available to the eligible working parent who is the child's primary carer for up to 18 weeks at the national minimum wage. The leave must be taken in a continuous block and be claimed before the child turns one. In addition, the start date of the leave must be within the first 34 weeks of the child's birth or adoption.² Parental leave pay is available to the birth mother, adoptive parent, or another person caring for the child under exceptional circumstances, such as in cases of serious illness or accident.³ The primary carer may be able to transfer paid parental leave to the secondary carer, if, for instance, they return to work or are no longer the child's primary carer.⁴

DaPP is provided to eligible working fathers or partners for up to two weeks at the national minimum wage.⁵ Both parental leave and DaPP payments can be complemented by employer-funded parental leave.

About flexible paid parental leave

The Paid Parental Leave Amendment (Flexibility Measures) Bill 2020 aims to enhance the objectives of Parental Leave Pay. It will do this by providing additional flexibility to how the 18-week period of parental leave is utilised. Following an initial 12-week block of parental leave and up until the child turns two years old, primary carers will be able to decide when to claim a maximum of 30 days of paid parental leave.

More flexible paid parental leave gives families more choice in how they might access parental leave and its benefits. Paid parental leave contributes to positive maternal and child health outcomes and allows time for parent-child bonding. It benefits organisations and employees by increasing retention rates and organisational performance while contributing to staff morale, job satisfaction, and workforce participation. There are also broader impacts on society, in that paid parental leave can help to reduce disparities between different socioeconomic groups and foster understanding about balancing family and work responsibilities.⁶

This Bill enables primary carers to exercise more choice as to when and how they may return to work. A lack of flexible employment conditions and parental leave has impeded labour force participation of primary carers, who are usually mothers.⁷ Flexibility in the workplace is valued by working mothers.⁸ Women often seek more flexible working arrangements or part-time employment in order to balance paid and unpaid work,⁹ with some women changing employers with the birth of a child in order to achieve greater flexibility.¹⁰ Given this, parental leave and flexible working arrangements are viewed as policy responses to boost female labour force participation.¹¹

A flexible parental leave policy may also encourage men's uptake of parental leave. Research finds that fathers are more likely to take parental leave when it is flexible,¹² incentivised,¹³ and shorter in length, and when they can maintain contact with the workplace.¹⁴ When fathers and partners take parental leave, there is more equal distribution of unpaid work at home.¹⁵ Fathers and partners are also more likely to continue their involvement in childcare and unpaid domestic work following the parental leave period. This involvement has positive impacts on the well-being of fathers, mothers, and children; models gender equality within the household; and links to women's increased labour force participation.¹⁶ With partner support and involvement, women can choose whether to spend more time in paid employment and can have a smoother transition back to work after parental leave.¹⁷

The gendered uptake of parental leave

However, access to and uptake of parental leave are influenced by assumptions that women are primary carers and men are secondary carers.¹⁸ This means that women are more likely to take paid parental leave.¹⁹ WGEA data on employer-funded parental leave in non-public sector organisations with 100 or more employees finds that 93.5% of all primary carer's leave is utilised by women with men accounting for only 6.5%. Overall, women account for 71.5% of all parental leave utilised while men comprise the remaining 28.5%.²⁰

The gender disparity in use of primary carers leave is due to a variety of societal and workplace expectations and norms, such as those that assume unpaid work is the responsibility of women and men are the primary breadwinners.²¹ The way families may decide to access primary carers leave also relates to the gender pay gap. Australia's national gender pay gap currently stands at 13.9%.²² The gender pay gap is the difference between women's and men's average weekly full-time earnings, expressed as a percentage of men's earnings. It is not the difference between two people being paid differently for work of the same or comparable value, which refers to equal pay.

Due to the gender pay gap, women are more likely to take parental leave because it comes at less of a loss to household income.²³ This means that women who are mothers take on more unpaid work associated with the household and childcare and reduce time spent on paid work.²⁴ Research finds that factors associated with family and childcare account for 39% of the gender pay gap.²⁵ In addition, women spend 64.4% of their average working hours each week on unpaid work compared to 36.1% for men.²⁶

Towards gender balanced paid parental leave

However, men, particularly in younger demographics, would like to spend more time in caring responsibilities and better balance work and home life.²⁷ Yet, they are less likely than women to have or request access to parental leave, and they are more likely to be refused or penalised when they do.²⁸ Men are also less likely to request flexible working arrangements and more likely to have such requests refused.²⁹

The Paid Parental Leave Amendment (Flexibility Measures) Bill 2020 is focused on increasing women's workforce participation through a flexible paid parental leave period. This is important because women's workforce participation rate in Australia is about ten percentage points lower than men.³⁰ However, this aim will be achieved if it is complemented by men's uptake of parental leave and caring responsibilities.

Research finds that parental leave which supports greater flexibility for both women's and men's work hours and conditions is one of the factors that can give way to more gender balance in paid and unpaid responsibilities.³¹ In addition, gender-neutral parental leave policies that do not distinguish between primary and secondary caregivers are more reflective of changing societies and family structures and less likely to maintain the breadwinner-homemaker model.³² Leading practice in the private sector demonstrates how more flexible and gender-neutral parental leave policies benefit organisations, employees, and Australian families.

Leading practice paid parental leave in the private sector is flexible and equally accessible to both parents

WGEA's Employer of Choice for Gender Equality (EOCGE) citation recognises Australian employers who are actively committed to achieving gender equality in the workplace. In order to receive the citation, organisations must meet a rigorous set of criteria, including providing support for caring.³³ A recent analysis of EOCGE citation holders has found that leading practice organisations have moved away from using terms such as 'primary carer' and 'secondary carer' in parental leave policies which can reinforce a gender imbalance in the division of caring responsibilities. Instead, a model of shared care is promoted by referring to both parents as 'carers' and providing both parents the same length of leave.³⁴

Such policies acknowledge that both parents may be balancing workforce and family commitments.³⁵ Research shows that high levels of work-family conflict have been experienced by one or both parents in 59% of dual-earning couples with children under age 18.³⁶ Parental leave policies as well as flexible working arrangements can help to reduce this conflict.

Leading practice EOCGE citation holders also provide flexibility in how and when parental leave is taken. Employees working at these EOCGE citation holders can, for instance, take parental leave in several distinct blocks or as a graduated return to the workforce within 18 to 24 months from the child's birth or adoption. Many EOCGE citation holders also note the importance of removing the requirement that leave be taken directly after the birth of a child. In particular, this measure allows carers to support one another when most needed and has seen an uptake in men taking parental leave.³⁷

Case studies demonstrate the effect of these parental leave policies. For instance, Stockland provides paid parental leave to all employees which can be taken within the first 18 months of birth or adoption. They also offer other financial benefits for those on parental leave and support parents' return to work through keep-in-touch programs, on-site childcare, and flexible working arrangements. This has resulted in high return-to-work rates and high engagement and loyalty from staff who were on parental leave.³⁸

Relatedly, Medibank found that their low return-to-work rates for new parents was due in part to a parental leave policy that did not align with the needs of dual-earning couples. Therefore, Medibank changed its policy so that it provides every parent with access to parental leave without designations of primary or secondary carer. Parents can also choose to take their leave in two blocks within the first two years. This has contributed to employee productivity as well as an uptake in men taking parental leave. Over a year after the new flexible policy was introduced, 28% of employees who are taking parental leave longer than two weeks are men; this is up from 2.5%.³⁹

The business case is clear. Gender-neutral paid parental leave policies help organisations to attract and retain workers and reduce employee turnover and recruitment costs.⁴⁰ The Australian economy loses approximately \$3.83 billion in productivity and \$385 million in avoidable recruitment costs each year.⁴¹ Parental leave policies also help to improve employee engagement, productivity and loyalty. Research finds that parental leave is a key driver of employment decisions and job performance for both women and men.⁴² Gender imbalance in accessing paid parental leave, on the other hand, is a key reason for parents and carers to leave an employer.⁴³

Importantly, parental leave that is flexible and equally accessible to both parents provides families more choice in managing paid and unpaid caring responsibilities. Organisations, such as Deloitte,⁴⁴ PricewaterhouseCoopers,⁴⁵ and Aurecon,⁴⁶ have committed to equal access to parental leave for men and women and have increased the flexibility of their policies. Deloitte has extended the period in which parental leave can be taken to three years.⁴⁷ Within the first two years of Aurecon introducing its policy, the number of men taking parental leave tripled.⁴⁸ Such policies promote a model of shared care and contribute to a shift in how caring responsibilities are divided.⁴⁹

If men's caring role is acknowledged and supported through access to parental leave and flexible working arrangements, women will have more choice over their careers, their earning capacity, and their participation in the labour force. Increasing women's labour force participation can contribute to personal financial security as well as driving positive impact on organisational performance and the Australian economy.⁵⁰

Conclusion

Flexibility measures will enhance Australia's paid parental leave scheme and benefit families. Leading practice from the private sector demonstrates that paid parental leave policies that are not only flexible but also equally accessible to both parents positively impact business, employees, and families. Such policies can give organisations a competitive edge and increase employee satisfaction. Flexible and gender-neutral paid parental leave also allows men to increase their

involvement in unpaid care and domestic work and gives women the choice to spend more time in paid employment. Greater gender balance in managing paid and unpaid caring responsibilities has important consequences for the gender pay gap and women's labour force participation.

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