

Select Senate Committee on Work and Care
Parliament of Australia
Australian Government

22 September 2022

Dear Senator Pocock and Members of the Select Committee on Work and Care,

Thank you for the opportunity to offer a submission to the Select Committee on Work and Care.

My independent submission offers research insights and evidence-based policy considerations that respond to the Terms of Reference.

I offer my professional expertise and insights as an academic economist specialising in gender equality in the workforce. I bring experience in data analysis and evidence-based public policy.

Materials included in this submission draw upon analysis that has been co-authored with some of my research colleagues, including Dr Angela Jackson (Impact Economics and Policy), Associate Professor Janine Dixon (Victoria University) and Professor Miranda Stewart (University of Melbourne). This material has been referenced accordingly.

If I can be of assistance, I would be pleased to support the Committee in any further analysis and consultation.

Thank you for leading this inquiry on this crucially important economic and social issue and for taking my submission into consideration.

Sincerely,

Dr Leonora Risse

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Submission to Select Senate Committee on Work and Care

This submission firstly offers some overarching points that span across the Terms of Reference. This is followed by some specific points that address items in the Terms of Reference. This submission includes data analysis drawn from the Household, Income and Labour Dynamics in Australia (HILDA) Survey.¹

Key points

- (1) For Australia to achieve a more effective harmonisation of work and care, we need a suite of policies that shift the traditional gender norms that still prevail across our workforce and wider society.**

One of the key elements to more effectively support workers to harmonise their care and work responsibilities is to focus on Australia's capacity to sustain and expand its care sector workforce. Given that the care sector is one the most heavily female-concentrated sectors of Australia's workforce, building this workforce capacity will require **policy interventions that shift traditional gender-based norms and make it more socially acceptable for men to take on caring roles, in both paid and unpaid domains of care.**

Achieving this shift requires policies and practices that dismantle the default behaviours are premised on a male-breadwinner/female-caregiver model of society. The persistence of traditional gender norms – which define a role for men in society that is removed from the realm of care – poses a real impediment to Australia's capacity to fulfil the workforce needs of the care sector. These norms contribute to the devaluation of care work, translating into the low pay and status of care sector workers. And they entrench ongoing gender inequities across wider society, limiting women's economic opportunities, outcomes and wellbeing across their lifetimes.

While much of the focus on the harmonisation of work and care have focused on policies to support women and mothers to combine their work and care roles – and clearly with good reason given the disproportionate effect of unpaid care responsibilities currently shouldered by women – a focus on supporting, incentivising, and opening up opportunities for men to step into non-traditional roles and sectors is the crucial 'other half' of the equation that has not been adequately addressed in Australia's broad policy picture.

If we can **make it more socially acceptable for men to be involved in the unpaid care of their family members** – including by designating an allocation of paid parental leave to fathers and partners as best practice policy – this can help **cultivate the cultural change needed to make it socially acceptable for men to step into caring roles in the paid workforce too.** Government policies, business practices, education bodies, the media, community groups, and the wider public all have a role in broadening the roles that society prescribes for men and validating men's aspirations to be more involved in care. A specific evidence-based policy prescription that would contribute to dismantling these gender norms, and better support the harmonisation of work and care roles for all parents, is to retain a

¹ The author acknowledges that the HILDA Project was initiated and is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported in this submission are solely those of the author and should not be attributed to the DSS or the Melbourne Institute.

dedicated non-transferable allocation of paid parental leave for fathers (and for both partners in the case of same-sex couples).

Gender norms also contribute to the culture that prevails in many workplace settings that rewards and elevates a practice of **working excessively long hours** and expects workers to be constantly on-call for employers. It has been observed by sociologist Professor Jennifer Berdahl and her colleagues that this type of ‘overtime’ workplace culture is linked to traditional notions of masculinity: a culture of excessive work hours can be interpreted as a demonstration of physical endurance and stamina (traits conventionally associated with masculinity norms) and as a signal of a worker’s loyalty and prioritisation of professional commitments over their family (that is, that diminishes domains of life that fall outside of the masculinity sphere).² This type of **workplace culture is evidently incompatible with a healthy harmonisation of an individual’s work and care responsibilities**. By default, a workplace culture that expects and rewards working excessive hours has the effect of marginalising and disadvantaging any workers who have caring responsibilities. This culture of “greedy work” has been identified by economist Professor Claudia Goldin as a factor contributing to the gender earnings gap, because overtime hours are generally remunerated at a higher hourly rate and rewarded through systems of promotion and appointments to senior positions.³

In my own assessment of the relevance of Berdahl *et al.*’s work in explaining gender inequities in Australia’s workforce, I offer this summary of the ways that the prevalence of masculinity norms in the workplace can be manifested in inequitable, unproductive and harmful ways:

“This is a culture that equates capability with physical stature, strength, and stamina. In corporate workplaces, such endurance can be demonstrated through working excessively long work hours, incentivised and rewarded through overtime rates and bonuses, and normalised through the expectation that workers will “soldier on” late into the night and sacrifice their weekends to get the job done. This is despite such behaviour being incompatible with work-family balance and hazardous for a worker’s own physical and mental health. It’s an expectation that glaringly sidelines any workers who have family and caring responsibilities, community roles, disabilities or health limitations.”⁴

This is not to imply that government policy should intervene in such workplace practices, but that an awareness of these dynamics is necessary for understanding how workers’ capacity to balance work and care is heavily shaped by these cultural factors.

To provide some insights into the incidence of excessive work in the Australian workforce, around 44% of all employees reported usually working 40 or more hours per week in their main job (Figure 1). Of these, 10% were working 50 to 59 hours, and a further 5% were working 60 hours or more.

Among men, 15% were working 50 to 59 hours, and a further 8% would work 60 hours or more. These fractions are lower among women, at 6% and 2% respectively.

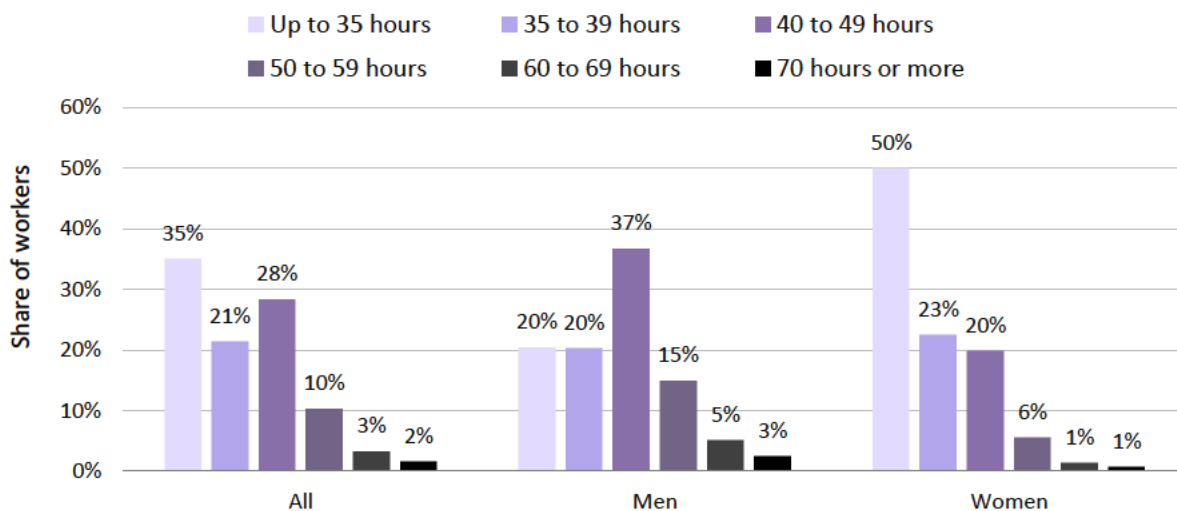
² Berdahl, J.L., Glick, P. and Cooper, M. (2018) How masculinity contests undermine organizations, and what to do about it, Harvard Business Review, 2 November 2018 <https://hbr.org/2018/11/how-masculinity-contests-undermine-organizations-and-what-to-do-about-it>

³ Goldin, C. (2021) Career and Family: Women's Century-Long Journey toward Equity, Princeton University Press.

⁴ Risse, L. (2021) When work becomes a masculinity contest, Power to Persuade, 14 July 2021 <http://www.powertopersuade.org.au/blog/when-work-becomes-a-masculinity-contest/14/7/2021>

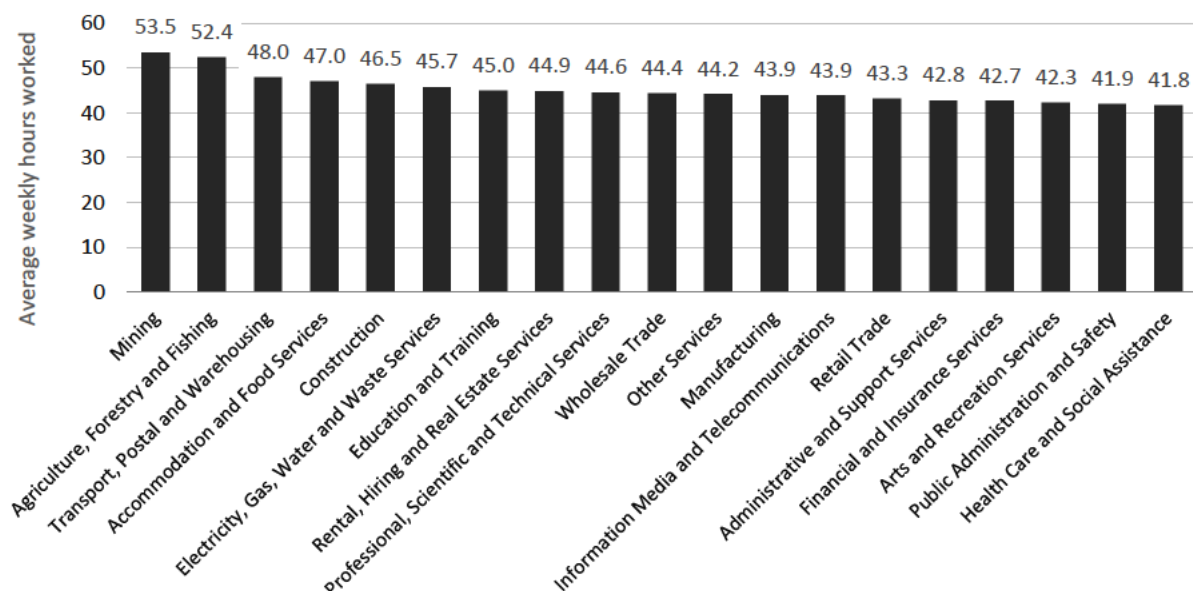
When disaggregated by industry, average hours of full-time workers are highest in Mining; Agriculture, Fishing and Forestry; and Transport, Postal and Warehousing (Figure 2). Notably, these are all male-concentrated industries. Construction and Electricity, Gas, Water and Waste Services, which are also among the most male-concentrated industries, also report among the highest average full-time weekly hours, alongside Accommodation and Food Services. Looking at the care sector, Healthcare and Social Assistance actually reports the lowest average hours worked.

Figure 1: Distribution of work hours among all employed people in Australian workforce, 2019



Source: Author's calculations using Household, Income and Labour Dynamics in Australia (HILDA) Survey, 2019. Sample of 11,039 respondents who are in workforce. Due to the disruptive effects of the COVID-19 pandemic on typical working patterns, analysis uses data from the 2019 HILDA Survey which was collected before the pandemic.

Figure 2: Average weekly hours worked by full-time workers in main job, 2019

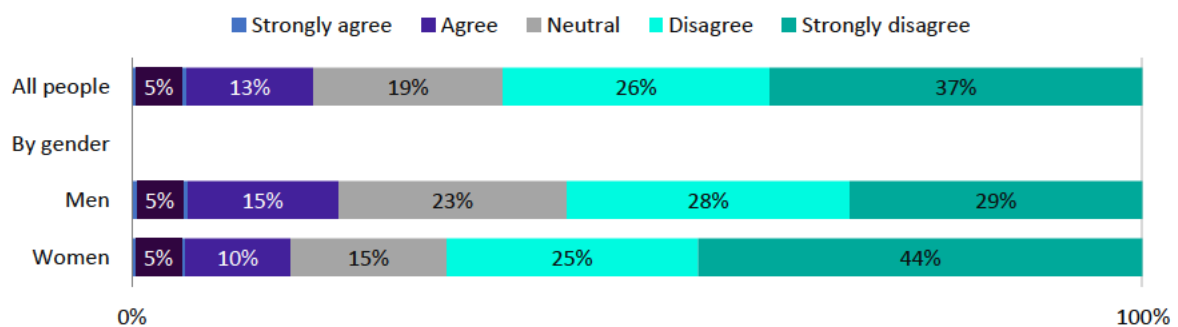


Source: Author's calculations using Household, Income and Labour Dynamics in Australia (HILDA) Survey, 2019. Sample is based on workers who report working full-time (37 hours or more per week) in their main job.

To complete this point, we can consider how gender norms can be detected and measured. While gender norms are manifested in many possible ways, they can be reflected in people's attitudes and beliefs in relation to work and care roles. While the majority of Australian express equitable attitudes towards men and women's roles in relation to work and care, there is still a **sizeable cohort of society that express attitudes that align with a male-breadwinner/female-caregiver allocation of roles**. Data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey indicates that around 18% of Australians agree with the statement that "it is better for men to earn the money and for women to take care of the home and children" (Figure 3).

By identifying the industries where these attitudes are relatively more prevalent – Agriculture; Transport, Postal and Warehousing; Real Estate Services and Construction – it would be insightful to conduct case studies on these particular industries to investigate the factors that are perpetuating these traditional attitudes and identify where there are opportunities for workplace practices and culture in these industries to evolve in more gender equitable ways (Figure 4).

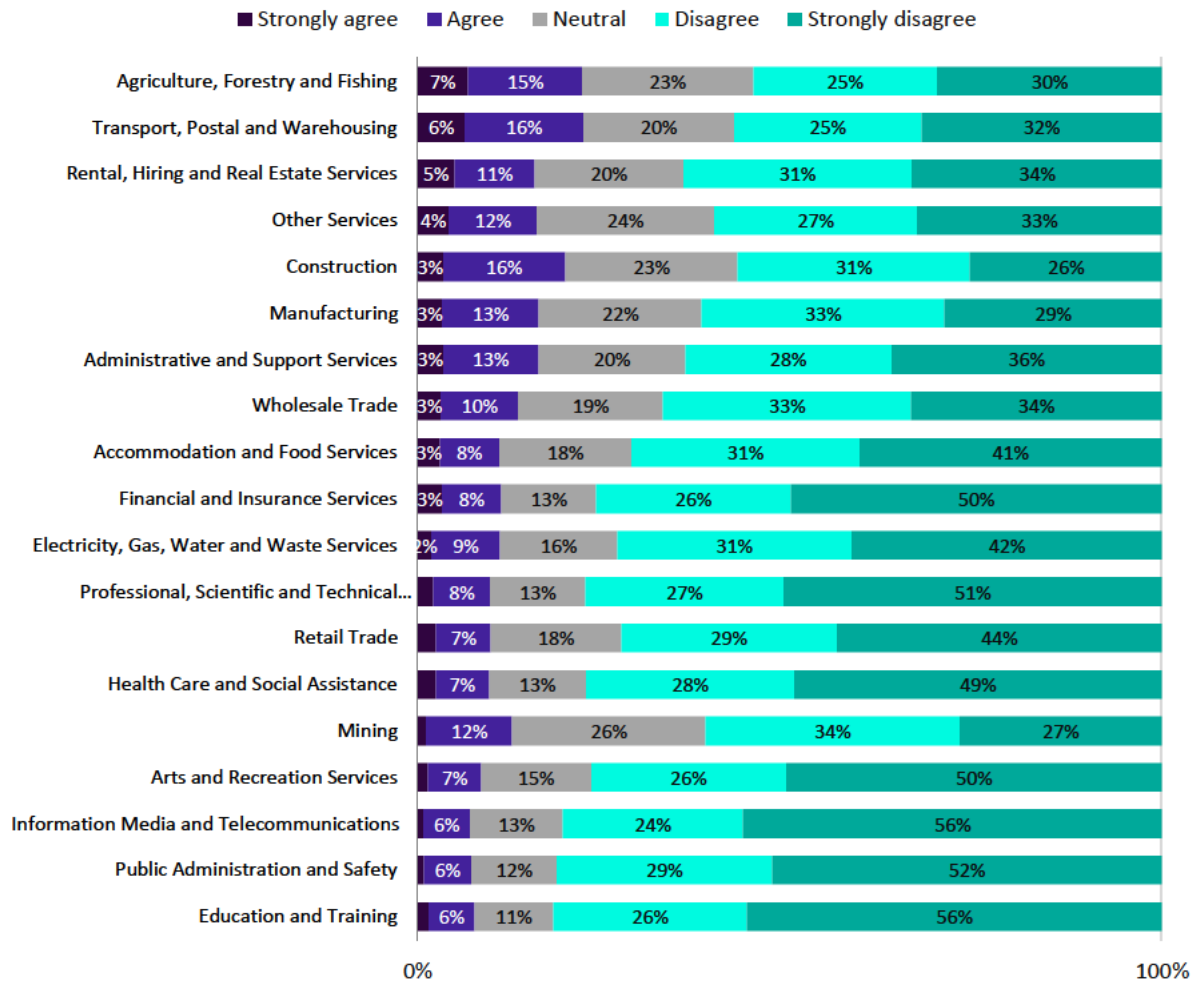
Figure 3: Australians' attitudes towards gender roles in society, by gender (2019)
"It is better for men to earn the money and for women to take care of the home and children"



Source: Author's calculations using Household, Income and Labour Dynamics in Australia (HILDA) Survey, 2019. Sample of 15,745 respondents including people who are not in the workforce. Responses are measured on a Likert Scale from 1 (Strongly disagree) to 7 (Strongly agree). Strongly disagree refer to response values of 1, Disagree refer to response values of 2 to 3, Neutral refers to response values of 4, Agree refers to response values of 5 to 6, and Strongly agree refers to response values of 7.

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Figure 4: Australians' attitudes towards gender roles in society, by industry (2019)
"It is better for men to earn the money and for women to take care of the home and children"



Source: Author's calculations using Household, Income and Labour Dynamics in Australia (HILDA) Survey, 2019. Sample based on respondents who are employed in the workforce and excludes people who are not in the workforce. People who are not in the workforce generally have higher levels of agreement with this statement. Industries are listed in order of workforce with largest proportion of agreement with statement. Response categories are classified in the same manner as for Figure 3.

(2) Advancing the harmonisation of work and care across the workforce requires a more accurate measurement of the economic value of care work

To better support Australians to harmonise their work and care responsibilities, we need to invest in better ways of measuring the widespread economic value of care, and to more accurately recognise the skill complexity and intensity of care work. The legacy effects of ‘care work’ being considered as outside of the realm of official national accounts means that the economic contribution of care work has never been fully appreciated in existing economic frameworks.

Whether child care, elder care, care for people living with a disability, or any other forms of care and early learning, the benefits generated by the care and early education sector encompass growing the human capital, and fostering in the wellbeing and human flourishing, of all recipients of care. For young children, for example, the provision of care and early education builds the skills and capabilities that will equip these young children to be more productive contributors to the economy in their futures. For people living with a disability, the provision of care services can foster their economic independence and empower them to make full use of their skills and capabilities in the workforce, in turn reducing their dependence on government welfare in the future while also enabling them to fully realise their personal potential. These economic benefits extend to enabling unpaid carers to participate more fully in the paid workforce should they aspire to do so.⁵ This in turn enables them to make better use of their capabilities, facilitating a more efficient allocation of skills across our economy, and allowing these unpaid carers greater opportunity to build their economic independence over their lives.

Investing in a more comprehensive quantification of the value of care work is not just an academic exercise but provides important information that has material implications for the sector:

- Firstly, this information can fortify the case for care workers to be more adequately remunerated in accordance with their economic contribution. It is almost certain that the productive outcomes, and indeed the rates of productivity, of the care sector are being under-valued because conventional measures of productivity rely on market-based quantifications of the value of the “outputs” being generated. Consider how Australia’s measured productivity growth has been declining over time, at the same time that the care sector and human services have been growing into an increasing share of the economy: failure to fully recognise the productive contribution of these sectors also has implications for measuring and evaluating the overall productivity of Australia’s economy.
- Secondly, investing in the proper valuation of care can shift the narrative that has been traditionally applied to care-related expenditure items in government budgets. Rather than being considered solely as a fiscal expense and a welfare-related outlay, recognising the economic benefits of care would enable these expenditure items to be better understood as an economic investment that delivers a fiscal return to the budget. These care investments do not merely add to the “expenses” side of the budget ledger: they also generate net payoffs to the budget. For example, by enabling higher labour force participation rate among unpaid carers, government investment in care services will generate higher income revenue and consumption tax revenue for the budget over subsequent years. If this Committee arrives at a set of policy recommendations that involve

⁵ The most important factors reported by women that affect their capacity to join the workforce or to work more hours, include: access to childcare; financial cost of childcare; and access to residential or aged care, respite care, or community support workers (ABS, Barriers and Incentives to Labour Force Participation, Australia 2018-19).

additional fiscal outlays (for example, expanding paid parental leave, paying superannuation on parental leave, or lifting the wages of care sector workers), properly calculating the fiscal dividend that these investments would generate – in the same way that a government should be computing the cost/benefit dividend for infrastructure projects or any other major expenditure items in the budget – can help economically rationalise these proposals.

- Thirdly, investing in the analysis that verifies collective, economy-wide benefits of investment in care provision helps to articulate a case for a collective responsibility and contribution towards the resources needed to support these policy changes. For example, quantifying the benefits to business of lifting women’s labour supply could help to justify businesses making a direct contribution to the provision of care services, such as through the allocation of corporate tax revenue towards these investments. Similarly, quantifying the benefits of investment in care for wider society can help justify the redistribution of income tax and consumption tax revenue towards these investments.
- Fourthly, investing in better measurement of the actual value of the productive “output” of the care sector can sharpen our understanding of how to improve the productivity of the sector in ways that relieve care workers from tasks that are unduly labour-intensive, thereby enhancing labour productivity and presenting an even more compelling case for an increase in their wage rate. The economic rationale here is that investment in complementary technology and other forms of physical capital and infrastructure enables workers to reallocate their time and effort towards the job tasks that make the best possible use of their skills and capabilities. This would mean an increase in the marginal productivity of labour, and therefore that a higher wage rate can be merited. With swelling demands on the care sector, it is not clear that the right type of investment incentive mechanisms are in place that would enable the sector to modernise and boost its productivity in ways that relieve the excessive pressures on workers, and enable workers to direct their time towards the tasks that are most productively valuable, as well as the professionally stimulating, fulfilling and rewarding for them.

Some examples of ways that the widespread economic benefits of the care sector can be more accurately recognised and measured are provided in several pieces of analysis that have undertaken by economists using econometric modelling. This includes:

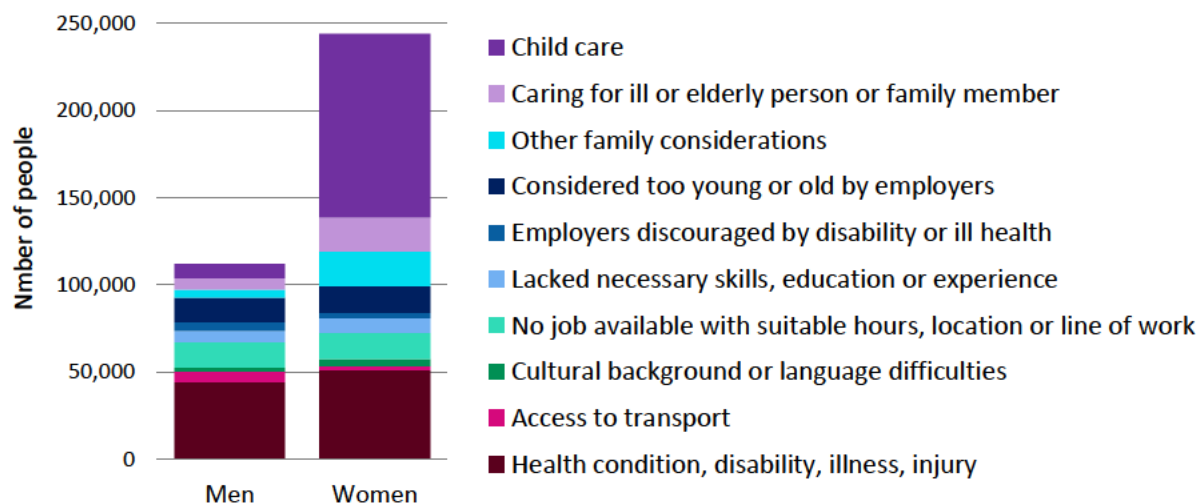
- Analysis undertaken by Associate Professor Janine Dixon, Dr Leonora Risse and Dr Angela Jackson for the Victorian Government’s ‘Inquiry into Economic Equity for Victorian women’⁶. To provide a measurement of the extent to which the pay care sector workers falls short of their economic worth, we assessed the extent of pay disparities between care sector workers and other occupations that are ranked at an equivalent skill level in Australia’s occupational skill classification system. We calculated that care and community service workers earn, on balance, 25.7 per cent less than occupations of equivalent skill level. To provide some specific comparisons, we find that Nurses earn 19.5 per cent less than all other Professionals at the equivalent skill level. Looking at occupations at vocational qualification level, we find that Aged and Disability Care

⁶ Dixon, J., Risse, L. and Jackson, A. (2022) ‘Inquiry into Economic Equity for Victorian women: Modelling of Economic Benefits of Proposed Reforms’, Equity Economics and Victoria University, Unpublished. Results cited in: Victorian Government (2022) ‘Inquiry into economic equity for Victorian women’, Final Report <https://www.vic.gov.au/sites/default/files/2022-09/Inquiry-into-Economic-Equity-for-Victorian-Women-Final-Report.pdf>

Workers earn 37.8 per cent less than Protective Services Workers (as a majority-male occupation for comparison) who are ranked at the same skill level.⁷

- Analysis undertaken by Associate Professor Janine Dixon for the National Foundation for Australian Women (NFAW)'s 'Gender Lens on the Budget Report'.⁸ Professor Dixon's modelling has computed that, if sufficient care services could be provided to enable all women who want to join the workforce to do so, and the wage rates of care workers were increased sufficiently to attract the additional number of care workers required to fulfil this labour need, the net impact on the economy would be an increase in the GDP growth rate by 1.64 percentage points ten years' onwards from when this initial investment is made.
- Other dimensions that factor into the economic value of the provision of care services is the forgone paid labour market potential of the individuals who are impeded from joining the workforce due to care-related factors. ABS survey data shows that Australia has 125,000 women who report that they want to join the workforce, but cannot do so due to reasons related to child care and the caring of elderly or ill family members (Figure 5). This is equivalent to around three-quarters of Australia's annual migration cap. If these women were to join the paid labour force, women's labour force participation would climb by 1.2 percentage points.⁹

Figure 5: People who are available and want to work – Main reason for not participating in the paid workforce



Source: ABS, Potential Workers, Cat. 6228.0. Data for February 2022. Chart excludes the following reasons: studying, moving house, holidaying, unpaid volunteer work, or have no need or want to work.

⁷ Dixon, J., Risse, L. and Jackson, A. (2022) 'Inquiry into Economic Equity for Victorian women: Modelling of Economic Benefits of Proposed Reforms', Equity Economics and Victoria University, Unpublished. Results cited in: Victorian Government (2022) 'Inquiry into economic equity for Victorian women', Final Report <https://www.vic.gov.au/sites/default/files/2022-09/Inquiry-into-Economic-Equity-for-Victorian-Women-Final-Report.pdf>. This analysis used Census data for 2016. Comparable skill levels were based on the Australian and New Zealand Standard Classification of Occupations (ANZSCO). The analysis controlled for work hours and age distribution, which proxied as a control for experience and total time spent in the workforce.

⁸ Dixon, J. (2020) 'Simulations of increased government expenditure in the care sectors', Appendix A, Gender Lens on the Budget <https://nfaw.org/storage/2020/10/Appendix-A.pdf>

⁹ Author's calculation based on ABS, Labour Force, Australia for the corresponding time period of the ABS Potential Workers survey.

Further analysis on the economic dividends generated through investment in care services could be undertaken by relevant government departments and agencies who hold the relevant data and analytical capacity, including Treasury who could then factor this analysis into the budget process and forward Budget Outlooks. There is of course potential to collaborate and draw on the expertise of Australia's academic community in undertaking this analysis and growing this knowledge base.

Beyond these quantifiable economic dividends, most importantly, the provision of care services is also a matter of human rights and honouring the needs and dignity of all members of society who require care. If Australia considers itself to be a wealthy and economically and socially advanced nation, then the allocation of resources towards the adequate provision of care services should be within our reach. The choice comes down to our values and priorities. These matters of dignity and human rights dimensions matter for economists, because these are factors that matter for wellbeing too.

Addressing the Committee's Terms of Reference

◆ Extent and nature of the combination of work and care across Australia and the impact of changes in demographic and labour force patterns on work-care arrangements in recent decades

The changing demographic profile of Australia's population, combined with evolving structure of our economy towards human services, has further amplified the importance of care and care-related professions in our economy. Labour market data attest that these are now among the fastest-growing sectors of Australia's economy.

Looking at job growth by occupation (Figure 6), Community and Personal Service Workers – the occupational category that includes childcare workers, aged care workers, disability care workers, welfare support workers, and educational aides – is Australia's second-fastest growing occupation, after Professionals. Women comprise around 69% workers in this occupation (Figure 7). They comprise an even higher share in some specific jobs within this broad occupational category, such as the childcare workforce which is 95% women.¹⁰

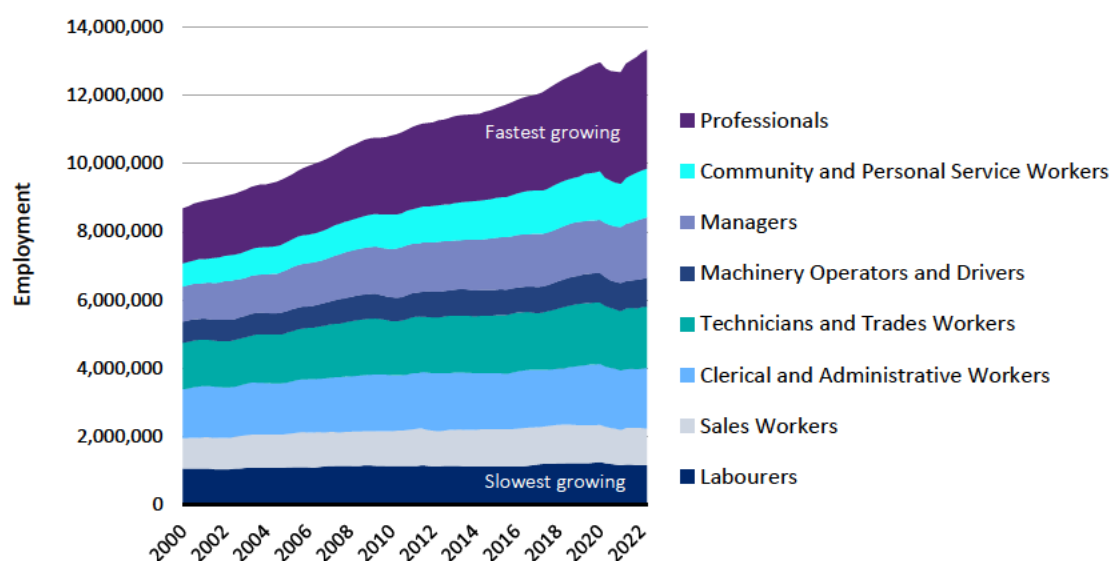
Looking at job growth by industry (Figure 8), Healthcare and Social Assistance is Australia's fastest growing industry. It is also the most female-concentrated industry (Figure 9).

In addition to the growth in employment numbers presented in these figures, the workforce needs of these sectors is further amplified by the acute labour shortages being faced by these sectors. As at May 2022, the Healthcare and Social Assistance industry was experiencing 68,900 job vacancies. This is a jump of 44 per cent compared to 12 months earlier – the fastest rate of increase in job vacancies across all industries (Figure 10).

The gender patterns that prevail across Australia's workforce presents a serious challenge for meeting both current and future labour force needs. One of the key elements to more effectively support workers to harmonise their care and work responsibilities is to focus on Australia's capacity to build its care sector workforce. Given that the care sector is one of the most heavily female-concentrated sectors of Australia's workforce, building the workforce capacity of the care sector will require policy interventions that shift traditional gender-based norms and make it more socially acceptable for men to take on caring roles, in both paid and unpaid domains of care.

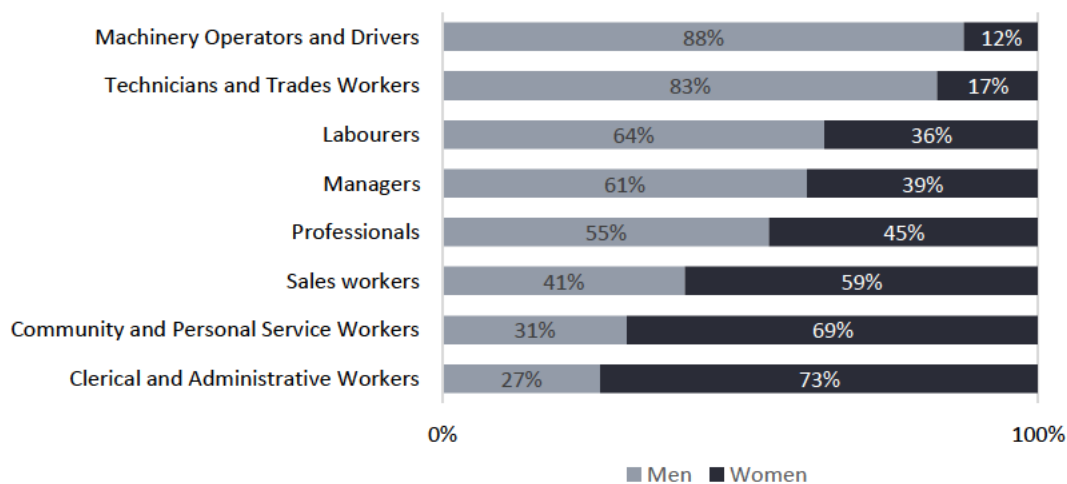
¹⁰ ABS (2016) Census of Population and Housing, Australia, TableBuilder.

Figure 6: Growth in Australia's workforce by occupation (2000 to 2022)



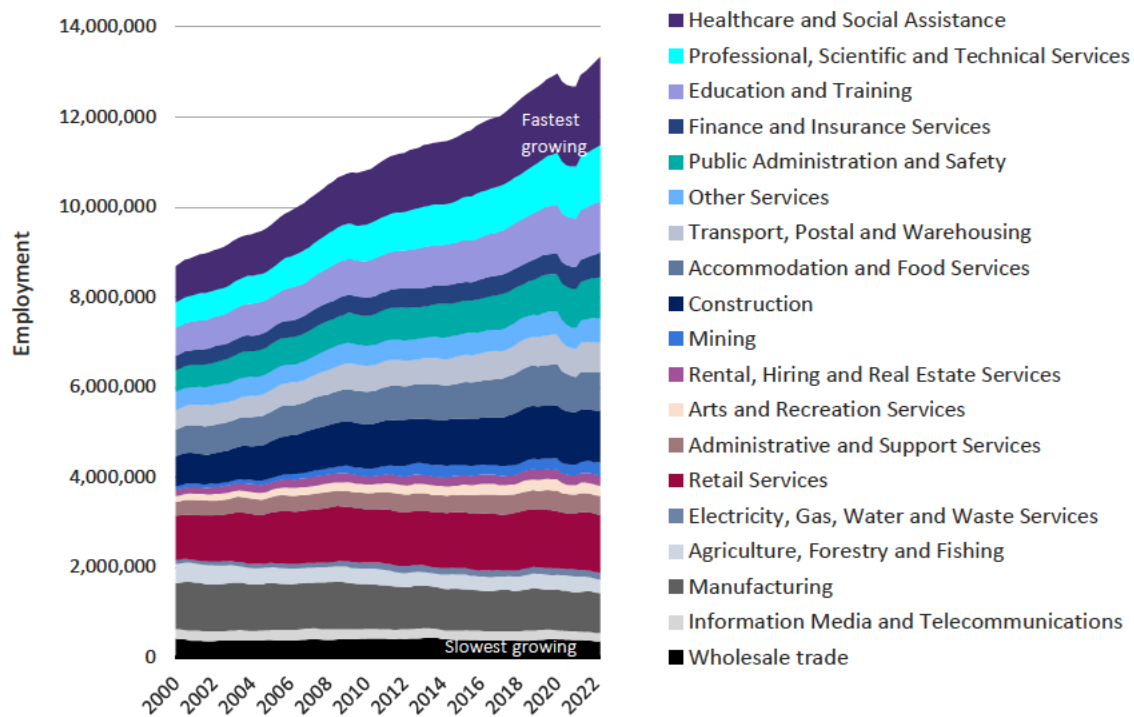
Source: ABS, Labour Force Australia, Detailed, Cat. 6291.0.55.001, Table RQ2. Occupations are classified according to ANZSCO 1-digit codes. Occupations are listed in order from fastest-growing to slowest-growing. This data was presented at the 'Equal opportunities and pay for women' session at the Jobs and Skills Summit held on 1–2 September 2022.

Figure 7: Gender composition of Australia's workforce by occupation (2022)



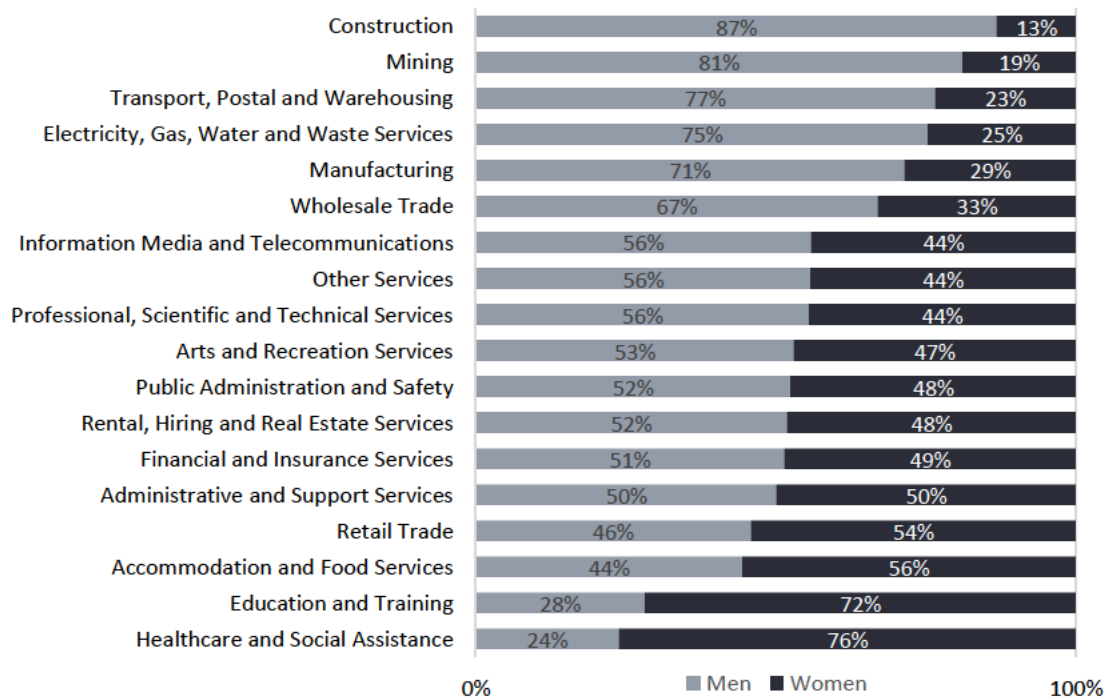
Source: ABS, Labour Force Australia, Detailed, Cat. 6291.0.55.001, Table RQ1. Occupations are classified according to ANZSIC 1-digit codes. Occupations are listed in order from most male-concentrated to female-concentrated.

Figure 8: Growth in Australia's workforce by industry (2000 to 2022)



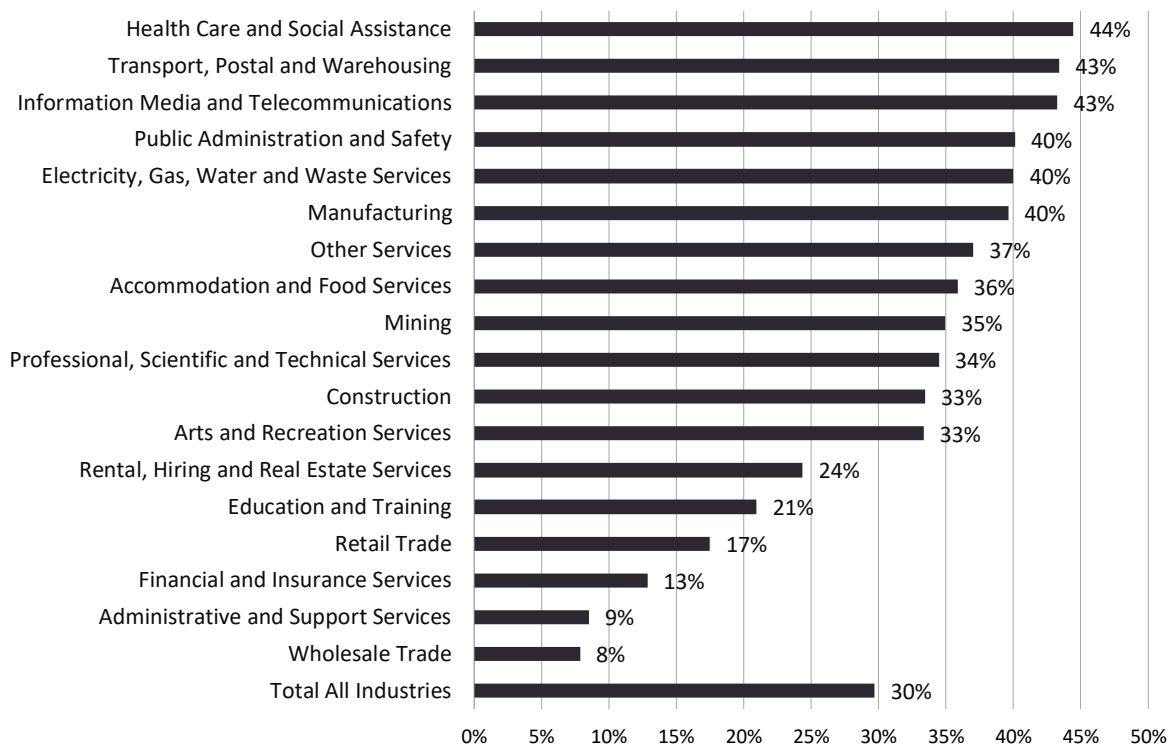
Source: ABS, Labour Force Australia, Detailed, Cat. 6291.0.55.001, Table RQ1. Industries are classified according to ANZSIC 1-digit codes. Industries are listed in order from fastest-growing to slowest-growing. This data was presented at the 'Equal opportunities and pay for women' session at the Jobs and Skills Summit held on 1–2 September 2022.

Figure 9: Gender composition of Australia's workforce by industry (2022)



Source: ABS, Labour Force Australia, Detailed, Cat. 6291.0.55.001, Table RQ1. Industries are classified according to ANZSIC 1-digit codes. Industries are listed in order from most male-concentrated to female-concentrated. Agriculture, Fishing and Forestry is not included in ABS's industry data collections.

Figure 10: Job Vacancies, Australia, Growth rate over past year (May 2021 to May 2022)



Source: ABS, Job Vacancies, Australia. Cat. 6354.0. Industries are classified according to ANZSIC 1-digit codes. Industries are listed in order from faster-growing to slower-growing.

The provision of workplace policies to support workers to fulfil both their employment and care responsibilities is not consistently available across the workforce. While government-funded entitlements deliver a minimum provisions to workers who meet eligibility criteria, there is also variability in the policies offered by employers beyond legislated entitlements.

To provide a statistical picture of the provision of care-related policies that are available to employees in Australia workforce, this submission draws on data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey, which is a nationally-representative survey of Australian households. The HILDA Survey asks respondents whether their employer provides the following entitlements, which would assist workers to fulfill both employment and care responsibilities: paid maternity leave, paid paternity leave, special carer's leave, flexible start and finish times, subsidised childcare, or working-from-home arrangements.¹¹

The HILDA Survey gives the option for respondents to answer "Yes", "No" or "Don't know", which enables us to also analyse workers' knowledge about their workplace entitlements. The "Don't know" responses comprise a sizeable share of responses and should not be discarded from consideration.¹²

¹¹ The question in the HILDA Survey is worded as follows: "Following is a list of conditions and entitlements that employers sometimes provide their employees. For each, please indicate whether you, or other employees working at a similar level to you at your workplace, would be able to use these if needed."

¹² Earlier analysis of this issue detected that workers who answered "Don't know" in response to their parental leave entitlements were more likely, on the basis of their observable characteristics, to fall into the "No"

Workers cannot make use of these entitlements if they are unaware that they access to them in the first place. Based on this data, we can infer that around half of all employees confirm that they have access to paid maternity leave, while one-third do not, and the remaining 16 per cent do not know.

Noting that the question specifically asks respondents to think about employer-provided policies, some employees might not be fully aware of whether the workplace policies that are available to them are employer-provided or are government-provided: this uncertainty might also contribute to them responding “don’t know”. Even where they answer a definitive “yes” or “no”, in our interpretation of the data, we should also be mindful that some respondents’ answers might contains some inaccuracies. If we assume that these inaccuracies are equally likely to occur across the workforce, then we should assume that the relativities between different segments of the workforce are unaffected.

While these figures should be interpreted as descriptive correlations, and not necessarily casual determinants, these proportions appear to be distinctly patterned according to certain employment characteristics that points towards disparities and inconsistencies in access across the workforce.

With respect to both **paid maternity and paternity leave** (Figures 11 and 12):

- A lower share of employees on **casual contracts** do not have access to this workforce entitlement, compared to permanent employees.
- Availability is lower among workers employed in the **private sector**, compared to employees in the public sector and not-for-profit private organisations.
- Availability is lower among **smaller-sized organisations** compared to organisations with larger workforces.
- There are wide differences in availability by industry and occupation. By occupation, availability is lower in the occupations that also happen to be male-concentrated, namely **Labourers; Technicians and Trade Workers; and Machinery Operators and Drivers**. By industry, availability is lower in **Agriculture, Fishery and Forestry; Construction; Accommodation and Food Services; Administrative and Support Services; and Other Services**. By comparison, provision is more widespread in Public Administration and Safety; Education and Training; and Financial and Insurance Services.

Earlier economic analysis on the availability of maternity leave in Australia, undertaken before the introduction of a government-provided paid parental leave in 2011, used likelihood models to identify the specific factors predicting entitlement to maternity leave.¹³ Based on HILDA Survey data for 2003, this analysis detected that paid maternity leave is more likely to be available to workers who are on permanent employment contracts; who are unionised; who are in more highly-skilled occupations; who have longer records of tenure with their employer; and who are employed in larger organisation. At the time of this analysis, it was the Financial Services and Communication industries that were significantly more likely than all other industries having a higher likelihood of providing paid maternity leave. Patterns of provision by industry, sector and organisation size were found to strongly correlate with levels of investment in employee training: this lends weight to the reasoning that employers were relying on these entitlements as a retention strategy. The link to organisation size also implies that

category if their entitled were known (Risse, L. (2008) An Economic Analysis of Paid Maternity Leave in Australia, PhD Thesis, School of Economics, University of Queensland <https://espace.library.uq.edu.au/view/UQ:159402>)

¹³ Risse, L. (2008) An Economic Analysis of Paid Maternity Leave in Australia, PhD Thesis, School of Economics, University of Queensland <https://espace.library.uq.edu.au/view/UQ:159402>

economies of scale matter for employers' practical capacity to deliver these benefits. Whether or not a worker was in a job that provided paid maternity leave was found to have no link to a worker's wage level, age, education level, relationship status, family size or geographical remoteness, when regressed in combination with the other explanatory variables noted earlier. While this analysis is based on outdated data, it is informative as this period of analysis enables us to isolate the factors explaining the employers' rationale for providing parental leave policies, independent of standardised government policy.

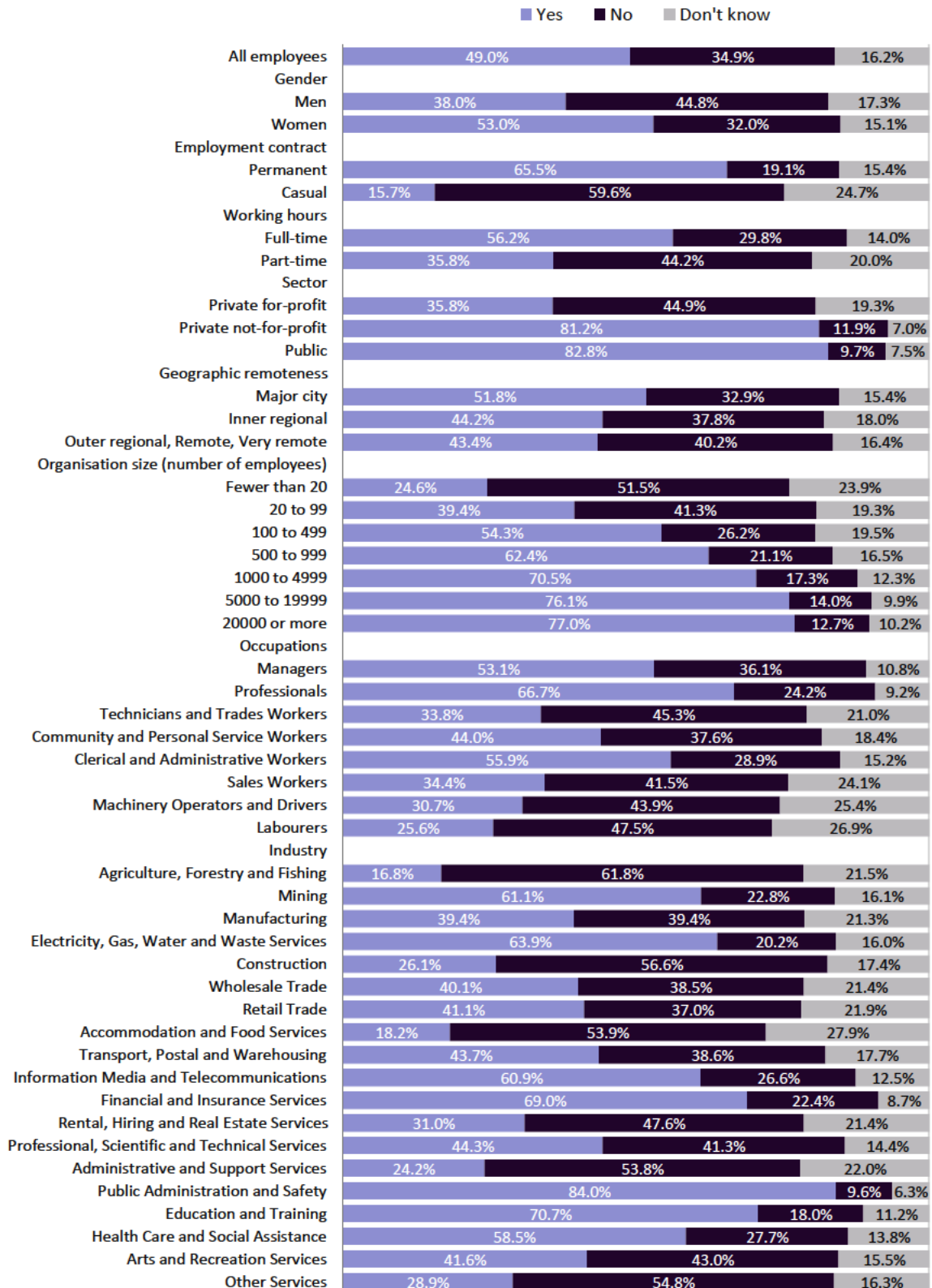
With respect to **employer-provided childcare or subsidised childcare**, the 2020 data suggest that this type of workplace policy is not widely prevalent across Australia's workforce (Figure 13). Availability of this workplace entitlement is similarly patterned to the observations made in relation to paid maternity and paternity leave. A similar analysis using HILDA Survey data can also be conducted with respect to the availability of special carer's leave and the availability of home-based work arrangements.

Overall these disparities in access to work and care policies across the workforce, especially by industry type and organisation size, speak to the need to be mindful of the influence of "positive selection bias" when assessing the evidence and experiences shared by the progressive employers. While it is highly instructive to look to leading organisations who can illustrate best practice and demonstrate what's possible, these organisations are not necessarily typical of the experiences and cultural norms that prevail throughout the rest of the workforce.

Furthermore, we must remember these data merely refer to the availability of this policy, and are not a measure of uptake or usage. This information can also be extracted from the HILDA Survey data in relation to government-funded paid parental leave, although a caveat must be applied that these number of leave recipients captured in this survey are small and these proportions might not be considered statistically robust. Of this sample of respondents collected in the 2020 HILDA Survey:

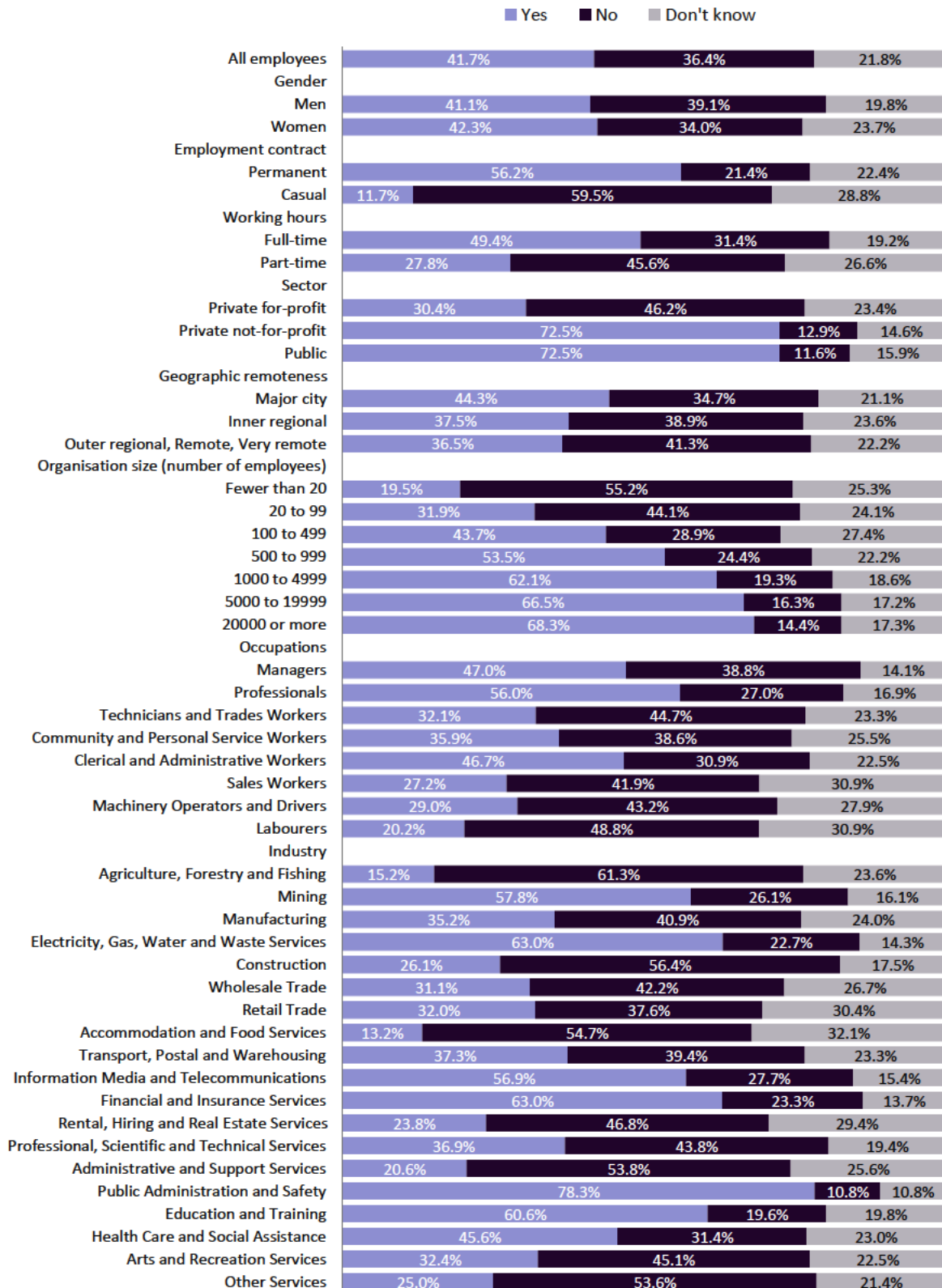
- 2.36 per cent of respondents report that they received government-funded paid parental leave during the past year.
- Of the men who reported receiving government-funded paid parental leave, the majority (87.5%) report taking 2 weeks, with the remainder taking 1 week.
- Of the women who report receiving government-funded paid parental leave, the most common duration of leave was 18 weeks, taken by 42% of recipients. The next most common duration was 16 weeks, followed by 12 weeks. Only a small fraction (7%) took more than 18 weeks, with the longest duration being 26 weeks.

Figure 11: Employees who report having access to employer-provided **paid maternity leave** as a workplace entitlement, 2020



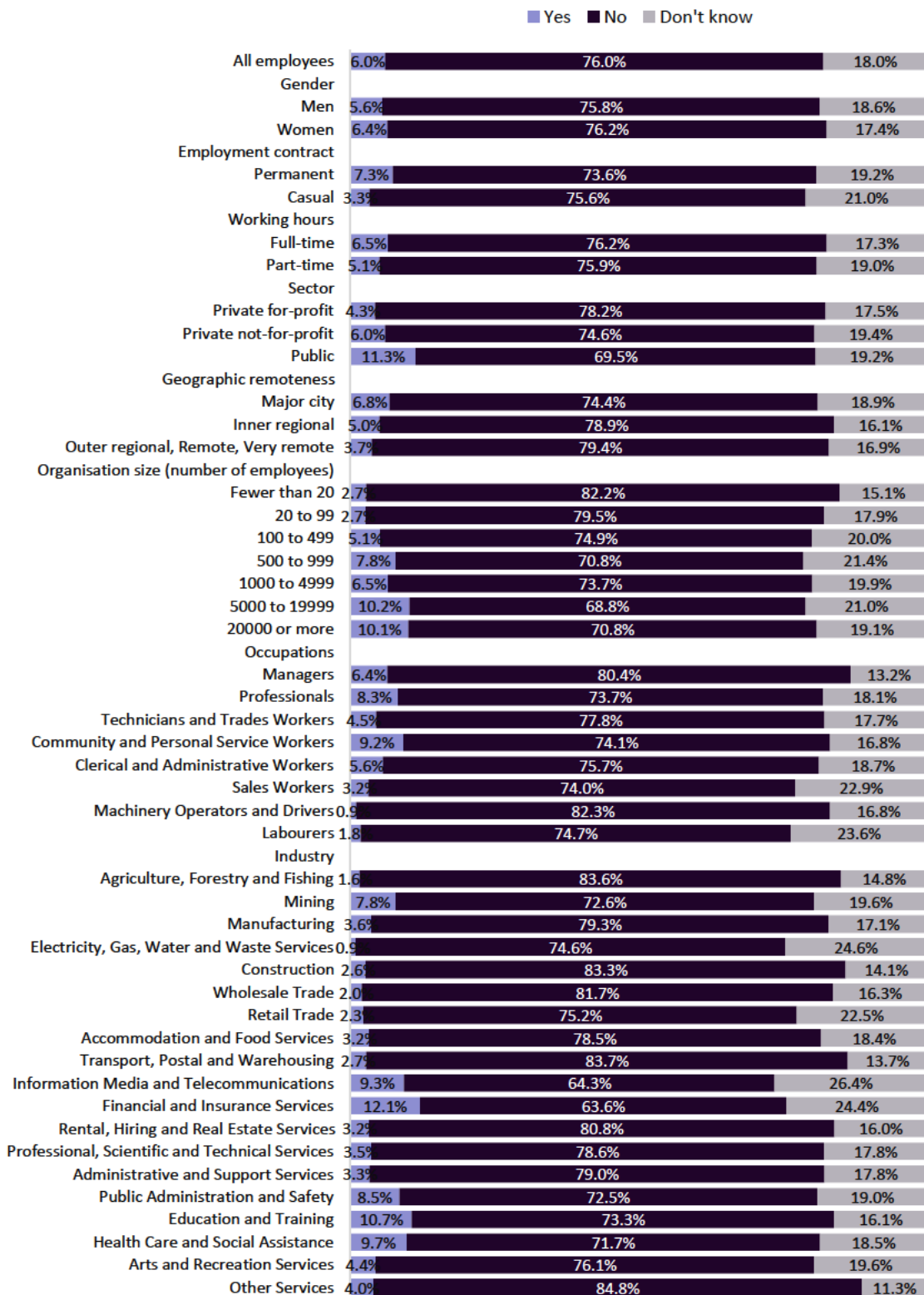
Source: Author's calculations using Household, Income and Labour Dynamics in Australia (HILDA) Survey, 2020. Based on a total number of respondents of 9,259 individuals who were employed at the time of the survey. Each bar sums to 100%.

Figure 12: Employees who report having access to employer-provided **paid paternity leave** as a workplace entitlement, 2020



Source: Author's calculations using Household, Income and Labour Dynamics in Australia (HILDA) Survey, 2020. Based on a total number of respondents of 9,259 individuals who were employed at the time of the survey. Each bar sums to 100%.

Figure 13: Employees who report having access to **childcare facilities or subsidised childcare** as a workplace entitlement, 2020



Source: Author's calculations using Household, Income and Labour Dynamics in Australia (HILDA) Survey, 2020. Based on a total number of respondents of 9,259 individuals who were employed at the time of the survey

- **Adequacy of current work and care supports, systems, legislation and other relevant policies across Australian workplaces and society; Consideration of the policies, practices and support services that have been most effective in supporting the combination of work and care in Australia, and overseas**

While acknowledging that care encompasses all forms of care and not just childcare, one policy area where there is strong scope for Australia to improve is in relation to paid parental leave settings.

Australia's parental leave policy settings could perhaps best be described as being in a continual state of playing 'catch-up' with international standards.¹⁴

Making progress on gender equality, and improving the harmonisation of employees' paid work and unpaid care roles in life, requires expanding our focus and policy scope to more fully expanding men's role in all forms of care. This point is especially relevant when we consider Australia's paid parental leave settings. Where there is extensive scope for improvement in policy is in relation to policy mechanisms to increase men's allocation and uptake of paid parental leave. Lifting men's usage of paid parental leave brings multiple benefits: supporting fathers' opportunity to bond with their children; supporting women's opportunity to participate more fully in the paid workforce; facilitating a more gender balanced sharing of care responsibilities at home; and nurturing more equitable attitudes to gender roles in society among current and future generations.

Based on the academic research evidence available from the experiences of comparable countries internationally, it is strongly recommended that Australia's paid parental leave scheme retains a dedicated non-transferable allocation for fathers. While there have been calls to instil a "gender neutral" approach to paid parental leave allocations, which would leave it up to households to decide and negotiate how much parental leave each parent will take, this approach is naïve to the influence of gender norms on household decision-making. It would bring the risk of widening, rather than narrowing, existing gender gaps in care-giving and workforce participation. Without the policy nudge that the use-it-or-lose-it mechanism provides, a "gender neutral" scheme would simply lead to a re-entrenchment of existing gender norms.

The evidence below supports this recommendation.

Commissioned by the Department of Social Services, an evaluation of Australia's Paid Parental Leave scheme assessed the usage and impacts of the scheme from 2010 to 2014.¹⁵ Before the introduction of pre-Dad and Partner Pay (DAPP), it was possible for most fathers to take unpaid parental leave or other leave entitlements such as paid annual leave, on the arrival of their child. However, the evaluation detected that it was not just a matter of the practical availability of leave that determined fathers' choice to take leave. Rather, it was often negative stigma, an unsupportive workforce culture, and generally uncertainty about how their request to leave would be received by their employer, that posed real impediments for fathers who aspired to take leave:

"Fathers who would have preferred to have taken one to three weeks leave (the most common length of leave) were unwilling to push against an unsupportive workplace culture or a culture they felt might disapprove in order to gain these short periods of leave" (p. 120).

¹⁴ OECD (2021) Parental Leave Systems, OECD Family Database
https://www.oecd.org/els/soc/PF2_1_Parental_leave_systems.pdf

¹⁵ Evaluation Paid Parental Leave Scheme undertaken by the Institute of Social Science Research, University of Queensland
<https://www.dss.gov.au/our-responsibilities/families-and-children/programmes-services/paid-parental-leave-scheme/paid-parental-leave-evaluation>

“Fathers quite often anticipated the response of their employer to a birth-related leave, possibly miscalculating the employer’s response.” (p. 120)

“Fathers sometimes received mixed messages about leave taking following a birth. This was particularly common amongst men in professional and managerial positions: their managers may have been supportive of them taking leave, but the quantity of work and the perception that they were indispensable made it hard for them to actually take this leave.” (p. 121) (Martin et al.)¹⁶

Following the introduction of the 2-week Dad and Partner Pay (DAPP) as part of the Australian Government’s paid parental leave scheme, the evaluation measured aggregate changes in father’s usage of leave at the time of the arrival of a new child. The introduction of DAPP resulted in a higher proportion of fathers taking leave by around 10 percentage points (from 28.9% to 39.1%). It also increased the average duration of leave taken among all working fathers during the first two months.

The introduction of an allocated entitlement to fathers and partners made a difference to men’s usage of leave for parental purposes. It is not only because it was available, but because it was clearly signposted as an entitlement for fathers and partners: this helped to address the stigmas and ambiguities that fathers alluded to experiencing pre-policy. Articulating a designating allocation for fathers had the effect of validating fathers’ right to take parental leave and socially normalising the expectation that fathers (or both partners) would be involved in the care of their new child.

Canada provides a case example of the importance of the use-it-or-lose-it allocation, with the province of Québec implementing the Québec Parental Insurance Plan in 2006. The provision of five weeks of non-transferable parental leave to fathers, paid at 70% to 75% of wage replacement rate, had the effect of increasing fathers’ contribution to unpaid household duties, as well as increasing women’s labour force participation specifically in full-time employment.¹⁷ Designating paid parental leave for fathers is therefore a key policy lever that not only supports fathers’ involvement in care, but also supports women’s economic outcomes in the paid workforce as another key element of gender equality goals.

Paid parental leave systems that articulate a role for fathers are found to generate wider wellbeing benefits in terms of improving fathers’ bonding with their children. Furthermore, they can lead to longer-term effects that can help sustain gender equality goals into the future: within heterosexual couple households, the provision of parental leave for fathers has been shown to dismantle traditional attitudes towards gender roles among the next generation of children.¹⁸ It means that children grow up witnessing that men can be carers too, helping to breaking down the traditional template of masculinity that detaches men from carer roles. These shifts in attitudes can help sustain progress in gender equality over time.

There are some calls for Australia’s policy settings to abandon the non-transferable allocation of paid parental leave to fathers and instead pursue what some are calling a “gender neutral” paid parental

¹⁶ Martin, B., Baird, M., Brady, M., Broadway, B., Hewitt, B., Kalb, G., Strazdins, L., Tomaszewski, W., Zadoroznyj, M., Baxter, J., Chen, R., Foley, M., McVicar, D., Whitehouse, G., Xiang, N. (2014) PPL Evaluation: Final Report, Phase 4 Report, Institute for Social Science Research, University of Queensland.

¹⁷ Dunatchik, A. and Özcan, B. (2020) ‘Reducing mommy penalties with daddy quotas’, *Journal of European Social Policy*, 31(2); Patnaik, A. (2019) Reserving time for Daddy: The consequences of fathers’ quotas, *Journal of Labor Economics*, 37(4): 1009-1059; Wray, D. (2020) Paternity Leave and Fathers’ Responsibility: Evidence From a Natural Experiment in Canada, *Journal of Marriage and Family*, 82(2): 534-549.

¹⁸ Unterhofer, U. and Wrohlich, K. (2017) Fathers, Parental Leave and Gender Norms, IZA Discussion Paper No. 10712.

leave, which would leave it up to household to negotiate the sharing of parental leave among themselves. Removing this dedicated, non-transferable allocation in specifically reserved for fathers, carries the risk of undoing the important shift in fathers' care-taking behaviour that was achieved with the introduction of DAPP and stalling future progress.

The experience of Denmark provides us with an instructive example to learn from. In contrast to the three Nordic countries that have retained a non-transferable portion of paid parental leave for fathers, Denmark removed the non-transferable allocation for fathers. The consequence of this policy shift was that fathers' patterns of usage of parental leave did not significantly change, while the uptake of paid parental leave in comparable countries of Iceland, Sweden and Norway continued to climb. The plateauing of father's uptake of paid parental leave in Denmark was most notable among lower-educated men who generally have weaker job security, suggesting that the absence of a designated allocation for fathers also carries the risk of disadvantages men from lower socioeconomic backgrounds:

"Not having a father's quota seems to affect fathers disproportionately across the education divide, and the lower parental leave take-up among Danish men with little education is primarily ascribed to their labour market insecurity. The policy implication is clear: If we want mothers and fathers with different social backgrounds to share parental leave more equally, the policy must change—not attitudes." (Rostgaard and Ejrnæs, p. 313)¹⁹

The graph below is a reproduction of Rostgaard and Ejrnæs's analysis, illustrating how the take-up of parental leave by fathers in Denmark, following the policy change in 2002, exhibited a very flat rate of increase over time compared to Iceland, Sweden and Norway. According to Rostgaard and Ejrnæs' analysis, the low rates of take-up in Finland are attributable to less equitable social attitudes in Finland.

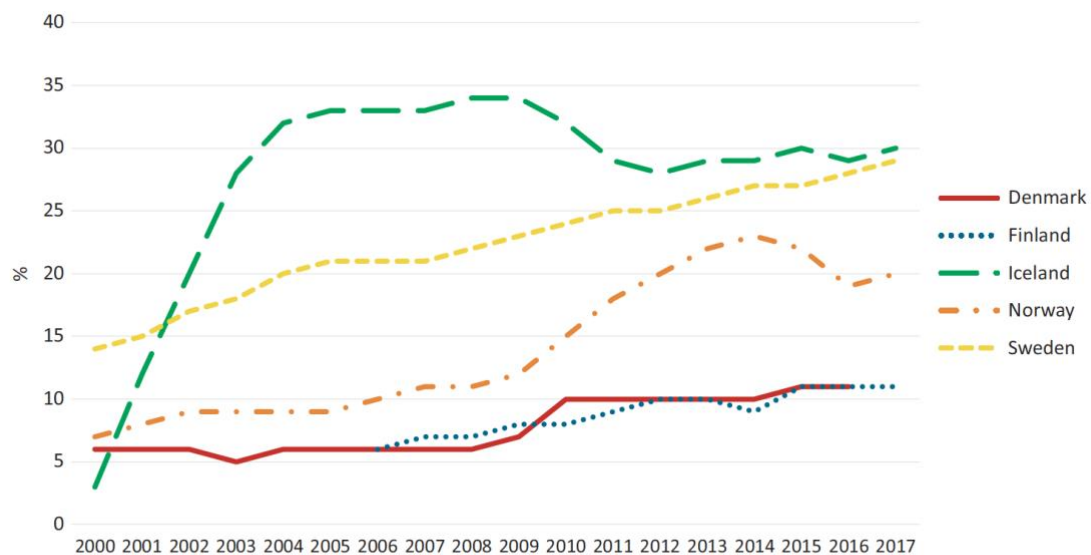


Figure 5. Fathers' parental leave take-up (share of total parental leave days; Nordic countries, 2000–2017). Source: NOSOSCO (n.d.)

¹⁹ Rostgaard T. and Ejrnæs, A. (2021) 'How different parental leave schemes create different take-up patterns: Denmark in Nordic comparison', *Social Inclusion*, 9(2): 313–324.

It is worth noting that, as at August 2022, Denmark is reinstating a policy that contains a non-transferable portion of 11 weeks of paid parental leave for fathers, consistent with the EU Directive.²⁰ The Danish Ministry of Employment describes this arrangements as an “earmarked” allocation for fathers. Finland has also since brought in changes that provide a more generous non-transferable entitlement to fathers.²¹

These policy proposals are not to dismiss the merits of a ‘gender neutral’ policy framework as a goal for Australia’s parental leave scheme to aim towards in the future. There are likely to be specific examples of organisations where this approach has been adopted and is working effectively: but based on what we know about the effectiveness of gender equality policies in practice, these are likely to be corporate environments where cultural norms and social attitudes are already relatively progressive, where a critical mass of the uptake of parental leave by fathers has been achieved and is endorsed by senior leadership, and where other levers to support gender equity are also in place. Positive reports on the effectiveness of gender neutral policies are also likely to be based on the experiences of men whose positions in their organisation are well established and secure, so their discretionary taking of parental leave does not pose a risk to their own career advancement or professional reputation. Although we might aspire to eventually reach a stage where ‘gender neutral’ policy can be relied on to generate an even distributing of care-taking amongst men and women, evidence of the persistent impact of gender norms throughout Australian culture, and the strong patterns of gender segregation that still exist Australia’s workforce more widely, means we are just not at that stage – yet.

When putting this policy into practice, it is not sufficient to simply offer parental policy to men – the stigma and social penalties associated with contravening traditional norms stands in the way of men being able to make use of these policies. Even in Québec, there were reports of tensions and negative stigma that fathers faced in their own workplaces when aspiring to make use of the parental leave on offer to them, reflective of the influence of cultural norms.²²

Accompanying the provision of non-transferable parental leave for fathers, wider strategic investment is therefore also needed to shift cultural norms surrounding the expected roles of men in society, to make it more socially legitimate and culturally acceptable for men to take on these caring and parental roles.²³ There is a role for education bodies to encourage men to enter caring vocations in the same way that these bodies have invested heavily in encouraging women to enter traditionally male fields like STEM. There is a role for professional development programs delivered by employers and professional network to invest in “how to balance work and family” programs and resources for men, just as much as they currently invest in such resources targeted at women. In the same way that governments and businesses focus have focused intensively on improving the representation of “women on boards”, we need the same sort of intense focus on “men in care”.

²⁰ Preisler, A. (2022) Dads on equal footing with mums in Denmark’s new parental leave law, Nordic Labor Journal, 18 August 2022.

²¹ Finwards (2022) New family leave policy took effect in Finland on August 1 2022, 4 August 2022 <https://www.finwards.com/working-in-finland/new-family-leave-policy-took-effect-in-finland-on-august-1-2022/#:~:text=The%20child's%20other%20parent%20is,or%20after%20July%2031%2C%202022>

²² Harvey, V. and Tremblay, D.G. (2020) Paternity leave in Québec: between social objectives and workplace challenges, Community, Work and Family, 23(3): 253-269.

²³ These issues were canvassed as part of the ‘Gender segregation in the workplace and its impact on women’s economic equality’, conducted by the Senate, Finance and Public Administration References Committee in 2017, Chaired by Senator Jenny McAllister. Many of the recommendations proposed by 2017 Senate Committee are relevant to this current Committee on work and care.

To offer some examples of campaign programs that aim to reshape masculine identities as being inclusive of a caring role:

- Nordic Countries, including Iceland which is ranked first in gender equality rankings globally²⁴, have implemented campaigns to support, and visibly endorse and celebrate, men who play an active role in parenting.²⁵ The Nordic Council of Ministers has partnered with the Swedish organisation Män and the international organisation Promundo, to report on the research and initiatives in their regular “State of the World’s Fathers” reports.²⁶ This initiative advocates for a 50% goal for men’s contribution to unpaid care: “Setting a bold, measurable goal – men and boys doing fully 50 percent of unpaid care work – is the next step. While many development goals and objectives are given specific targets, men’s equitable contribution to caregiving has yet to be approached with such specificity. This target does not mean that, at an individual level, each person needs to contribute identical work. Rather, the goal is equality at the national and global levels, with broad patterns of unpaid care no longer determined by gender. It is time to build on strong new commitments with a bold, specific target: fully gender-equal caregiving” (State of the World’s Fathers: Time for Action, 2017, p. 14)
- Equimundo (formerly Promundo) is well respected as a research-driven organisation that is leading change in the area of fatherhood and caregiving. Its advocacy efforts and policy interventions have largely been centred on developing countries, but its principles and practices have widespread applicability.²⁷ Its research and advocacy has informed the development of the MenCare campaign.²⁸ Preliminary evaluations of the MenCare campaigns have detected positive impacts, in terms of lifting men’s involvement in parenting, but further evaluation needed over time to assess the extent to which the intervention has led to a sustained shift in men’s beliefs and attitudes about gender roles.²⁹
- An example of a novel intervention that has been applied and evaluated in Australia is a media campaign and online parenting program, called ParentWorks, that aimed to increase the awareness of, and participation in, a fatherhood program.³⁰ An evaluation of the campaign survey found that 11% of caregivers reported exposure to the campaign, and significantly more of them were fathers than mothers. Those who were exposed to the campaign were significantly more likely to endorse the importance of father participating in parenting programs, compared to those not exposed to the campaign. The study concluded that “media campaigns appear to be an

²⁴ Magnea Marinósdóttir and Rósa Erlingsdóttir (2017) This is why Iceland ranks first for gender equality, World Economic Forum, 1 November 2017

<https://www.weforum.org/agenda/2017/11/why-iceland-ranks-first-gender-equality/>

²⁵ Carl Cederström (2019), State of Nordic Fathers; “Dads encourage dads in new Nordic campaign” <https://www.norden.org/en/news/dads-encourage-dads-new-nordic-campaign>

²⁶ “State of the World’s Fathers: Structural Solutions to Achieve Equality in Care Work 2021” https://men-care.org/wp-content/uploads/2021/06/210610_BLS21042_PRO_SOWF.v08.pdf

²⁷ Further information can be found on organisation’s website: <https://www.equimundo.org/>

²⁸ <https://promundoglobal.org/programs/mencare/>

²⁹ MenCare in Latin America: Challenging Harmful Masculine Norms and Promoting Positive Changes in Men’s Caregiving EMERGE Case Study 5, by Sofia José Santos September 2015

<https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/7069/EMERGECaseStudyLAC.pdf?sequence=1&isAllowed=y>

³⁰ Lucy A. Tully, Patrycja J. Piotrowska, Daniel A. J. Collins, Paul J. Frick, Vicki Anderson, Caroline Moul, Rhoshel K. Lenroot, Eva R. Kimonis, David Hawes & Mark R. Dadds (2019) Evaluation of ‘The Father Effect’ Media Campaign to Increase Awareness of, and Participation in, an Online Father-Inclusive Parenting Program, Health Communication, 34:12, 1423-1432.

effective method of increasing awareness of online parenting programs and enhancing rates of father involvement.” However, there is a need for further evaluation to test whether this improvement in awareness translated into any change in behaviour.

- There is scope to more fully investigate the available literature and the feasibility of conducting further pilots and evaluations of interventions. Insights and consultative advice can also be drawn from scholars, practitioners and community organisations that focus on supporting men and building healthy masculinities, such as the work of Professor Michael Flood (QUT), the Men’s Project which is an initiative of the Jesuit Society, with the involve of education specialists to target youth and adolescents who are at a vulnerable point of their lives in developing their sense of identity and navigating the behaviours and roles that society expects of them as men.

A point that I also made in the Victorian Inquiry on the Economic Equity of Victorian Women is that re-defining the notion of care in a way that will be more conducive to breaking down stereotypes, also extends to illustrating how ‘care’ is already part of many of the rewarding roles that men take, even if it is not explicitly called or thought of as care.³¹ An example is the service of police officers, firefighters and defence force personnel: even though dominant cultural norms would describe these professions in terms that are associated with masculinity, such as bravery, heroism and strength, an alternative understanding is that the people who serve in these professions are motivated by care and concern for the citizens in their community, and by values of altruism, benevolence and selflessness, and can experience emotional reward as part of their job. Highlighting the human and ‘caring’ qualities of these traditionally male-concentrated professions has actually been a technique used to attempt to attract more women into these professions. In the same way, campaigns that highlight the caring dimensions of these male-majority professions could help dismantle the notion that masculinity is detached from care. Investment these types of initiatives, including evaluations of their effectiveness, could help bring about the cultural change needed to bring more men into the caring sphere, as well as help foster more healthy identities of masculinities amongst Australia’s men and boys.

A further, more mechanical, way to promote and legitimise paid parental leave uptake among men is to draw upon tools of behavioural science to design the policy as an ‘opt-in’ policy by default. This approach would mean that a father is automatically assigned their leave entitlement, and must take additional steps to ‘opt out’ of taking leave, rather than having to take specific steps to apply and ‘opt in’. The opt-in by design mechanism has proven to be a distinctive feature of policy uptake across a range of settings.³²

When considering the duration of leave entitlement that should be made available as part of Australia’s government-funded paid parental leave scheme, our starting point is Australia’s current government-funded entitlements of 18 weeks for the primary parent and 2 weeks for fathers and partners, paid at the minimum wage rate.³³ In relying on the evidence base, is useful to be guided by

³¹ Victorian Government (2022) ‘Inquiry into economic equity for Victorian women’, Final Report <https://www.vic.gov.au/sites/default/files/2022-09/Inquiry-into-Economic-Equity-for-Victorian-Women-Final-Report.pdf>

³² Behavioural Economics Team of the Australian Government (BETA) (2018) *Harnessing the power of defaults*, Governance Note, Department of the Prime Minister and Cabinet, Australian Government.

³³ In its 2022-23 Budget announced in March 2022, of the outgoing LNP Government proposed to combine these entitlements to 20 weeks, leaving it up to couples to decide how to allocate this total of 20 weeks amongst themselves (Arthur, D. (2022) Changes to the Paid Parental Leave Scheme, Budget Review 2022–23 Index, Parliament of Australia To my knowledge, it is unclear whether the incoming ALP Government is pursuing this proposal or considering retaining the non-transferable Dad And Partner Pay (DAPP) component.

the advice of the World Health Organization (WHO) which recommends that newborn children should be exclusively breastfed for the first 6 months of their life to optimise their nutritional needs and broader cognitive development.³⁴ Australia's current minimum clearly entitlements do not facilitate this: lifting minimum entitlements for mothers from 18 weeks to 26 weeks would be a progressive step that is guided by best practice health practices and medical evidence.

If the duration of leave to be made available to mothers is extended to 26 weeks to facilitate breast-feeding, then the amount of non-transferable paid parental leave designated for fathers and partners needs to be simultaneously increased to at least the amount needed to retain its existing share of total leave, and ideally expanded further. Based on an existing ratio of 18:2 weeks, increasing mothers' entitlement to 26 weeks would necessitate increasing fathers'/partners' entitlement to at least 3 weeks (rounding up a calculation of $26/9=2.9$), and of course could be expanded further, subject to costings.

Computations of the number of weeks of paid parental leave that would need to be made available to fathers/partners, relative to the number of weeks made available to mothers, to retain the current ratio of 18:2 (equivalent to 90:10), or to improve the ratio to 80:20 or 75:25, are presented in Table 1.

If we are aiming to improve Australia's paid parental scheme to make it a vehicle for gender equity – and to close gender gaps in care and work that would simultaneously benefit women, men and their children – my assessment of evidence would lead me to recommend that **retaining the use-it-or-lose-it component for fathers/partners, and making necessary changes to narrow this ratio between mothers' and fathers/partners' allocation, would be the key policy elements to prioritise.**

https://www.apf.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview202223/PaidParentalLeaveScheme.

³⁴ World Health Organization (WHO) (2022) Breastfeeding https://www.who.int/health-topics/breastfeeding#tab=tab_2

Table 1: Computation of the number of paid parental leave weeks needed to be assigned to fathers/partners to achieve given ratios

	To retain current 90:10 ratio		To achieve 80:20 ratio		To achieve 75:25 Ratio	
	Mother's share 90% Father's/Partner's share 10%		Mother's share 80% Father's/Partner's share 20%		Mother's share 75% Father's/Partner's share 25%	
Weeks for mother (birth-giver)	Weeks for father/partner	Total number of weeks provided	Weeks for father/partner	Total number of weeks provided	Weeks for father/partner	Total number of weeks provided
18	2	20	4.5	22.5	6	24
19	2.1	21.1	4.8	23.8	6.3	25.3
20	2.2	22.2	5	25	6.7	26.7
21	2.3	23.3	5.3	26.3	7	28
22	2.4	24.4	5.5	27.5	7.3	29.3
23	2.6	25.6	5.8	28.8	7.7	30.7
24	2.7	26.7	6	30	8	32
25	2.8	27.8	6.3	31.3	8.3	33.3
26	2.9	28.9	6.5	32.5	8.7	34.7

The rate of payment – currently set at the minimum wage for both parents – will clearly influence the uptake of the policy and determine whether parents can financially afford to take the full duration of leave available even if a longer period is made available. As an economist, I would point out that the earnings that a carer forgoes when taking paid parental leave needs be understood as an opportunity cost. The higher an individual's wage, the higher the opportunity cost for taking time away from the workforce. While higher-earning workers have the capacity to accumulate higher savings to compensate for forgone earnings while on leave, they also face a larger opportunity cost which could actually dissuade uptake. Many other countries provide a rate of payment that is at least proportional to a worker's regular earnings, akin to the way that all other forms of employment-related leave is paid by employers at a wage replacement level. These are all elements for consideration by the Committee.

There have also been calls to offer an additional 'bonus' allocation of leave entitlement to incentivise couples to divide up the leave allocation in an even way. While this incentive mechanism is well-meaning and could work effectively for many couples, it is unclear whether the potential risks associated with this 'bonus leave' approach have been fully considered, or even researched and evaluated, by policymakers. A potential risk here is that this "negotiable" component of leave arrangements could be affected by the balance of power within a couple. For example, if a woman has a partner who does not want to take additional leave, and if the power dynamics within this couple determine that the male partner's preferences dominate the outcome, this woman will miss out on the additional leave for reasons outside of her control. Especially if this additional leave is funded by public funds, it could be deemed ethically unfair if woman's entitlement to parental leave is dependent on the actions of her partner. My most pressing concern about this proposal is also informed by evidence that the risk of intimate partner violence is heightened during periods of pregnancy, suggesting that this can be a vulnerable time to be placing women into positions of negotiation with their partner.³⁵ Furthermore, there is also evidence of women re-partnering with their male partner – even if the relationship has broken down – in response to the additional welfare

³⁵ Campo, M. (2015) Domestic and family violence in pregnancy and early parenthood: Overview and emerging interventions, Australian Institute of Family Studies https://aifs.gov.au/sites/default/files/publication-documents/cfca-resource-dv-pregnancy_0.pdf

benefits that would be available to them in such living arrangements.³⁶ If the Committee is considering recommending this ‘bonus’ element, it would be informative to consult with women’s community groups, including women who have experienced abuse and violence at the hands of their partners, to gauge their perspectives on whether this type of policy arrangement could be a cause for concern. While this bonus leave entitlement may work beneficially for the majority of families, it could present risks and complexities for some cohorts of women.

- **Impact of combining various types of work and care (including of children, the aged, those with disability) upon the well-being of workers, carers and those they care for**

This point of inquiry is incredibly important. While outside of my area of speciality, I can comment from a general economics perspective that these considerations would be highly consistent with the Australian Government’s proposal to develop a wellbeing approach to its Budget policy.

I would also refer the Committee to the excellent academic work of Professor Leah Ruppanner, of the University of Melbourne, whose sociological research focuses on the ‘mental load’ of care work.³⁷

- **Any related matters**

Data collection

There is scope to improve existing data collections to gain a more accurate understanding of the usage of care-related policies and the barriers to the full uptake of these policies. The Workplace Gender Equality Agency (WGEA) can play a role in improving these data collection processes, although WGEA’s scope is limited to large private sector organisations. The following metrics would be informative to better understand impediments to progress and what works to shift gender norms in workplace culture:

- the uptake of employer-provided paid parental leave and carer leave (disaggregated for women, men, other gender), relative to the number of workers who were eligible to make use of the entitlement
- how many workers men requested to use paid parental leave or other care-related policy, and were denied their request
- whether employer-provided paid parental leave is non-transferable
- rate of wage replacement offered in employer-provided paid parental leave
- other dimensions of flexibility in usage of employer-provided parental leave (for example, can leave be taken at a fractional rate over a longer time period)

³⁶ Fisher, H., Zhu, A. (2019) The effect of changing financial incentives on repartnering, *The Economic Journal*, 129(623): 2833–2866 <https://doi.org/10.1093/ej/uez011>

³⁷ For example, see Dean, L. Churchill, B. and Ruppanner, L. (2022) The mental load: building a deeper theoretical understanding of how cognitive and emotional labor overload women and mothers, *Community, Work & Family*, 25:1, 13-29, DOI: 10.1080/13668803.2021.2002813; Churchill, B. and Ruppanner, L. (2022) How can we reduce the 'mental load' placed on mothers by the pandemic?, *World Economic Forum*, 10 January 2022 <https://www.weforum.org/agenda/2022/01/how-reduce-mental-load-pandemic-covid-19/>

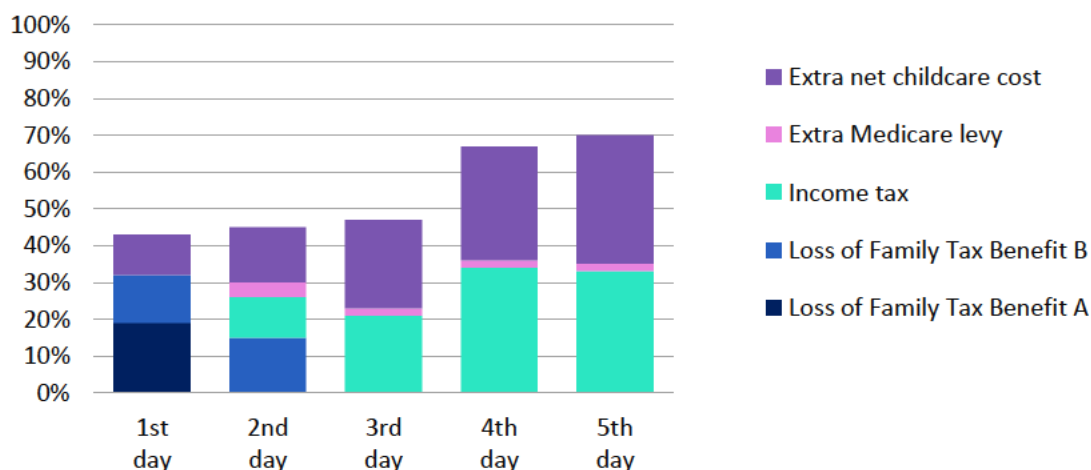
- the availability, uptake and distinguishing characteristics of policies that support workers to transition back to the workforce after a period of parental, carer or other forms of care-related leave (for example, keep-in-touch programs)
- investment in appropriate data collection processes to apply an intersectional lens across all metrics.

Understanding the components and impacts of Effective Marginal Tax Rates (EMTRs)

There is a need for greater clarity and consideration over the purpose of care-related policies, so as to avoid situations where policy settings that are designed to serve one purpose have the effect of compromising on another. For example, it could be reasoned that current childcare subsidies have largely been conceived as a welfare support measure, in the sense that they are designed to help ensure that children from low-income households have access to the developmental benefits of childcare and early childhood education. And Family Tax Benefits were designed as a way of financial rewarding women for “choosing motherhood” over paid workforce participation.

However, the means-testing element of childcare subsidy settings, the effect of Family Tax Benefit settings, and the high costs of childcare, have all combined to have the net effect of financially disincentivising the second-income earner (disproportionately women) to increase their paid workforce involvement (Figure 14). In a typical Australian household with young children, women who want to increase their paid workforce participation to more than 3 days per week would be facing an Effective Marginal Tax rate (EMTRs) of around 67% to 70%. In other words, once they factor in the reduction in Family Tax Benefits, and the scaling back the means-tested childcare subsidies that result in higher out-of-pocket costs for childcare, this worker would be taking home only around 30% of the additional income that she would earn on the fourth and fifth day that she works during the week.

Figure 14: Effective Marginal Tax Rate for second-income earner in typical Australian household



Source: EMTRs calculations by David Plunket and Miranda Stewart, based on 2022 policy settings and median dual-income household. In this scenario, the first income-earner's income is set at men's full-time median earnings and the second income-earner's income is based women's median earnings converted into per day worked; childcare costs are set at \$10.50 per hour per child; and the household is assumed to have two children, ages 2 and 3. The EMTR is measured as the incremental change of one day's wage. Data published in Stewart, M., Jackson, A. and Risse, L. (2022) 'If governments were really concerned about tax and the cost of living they would cut the cost of childcare', *The Conversation*, 13 May 2022.

A comprehensive investigation into the childcare system and the costs of childcare, which the Australian Government has indicated it will task the Productivity Commission and the ACCC to undertake, are important and welcome steps towards identifying the most effective approach towards evaluating and redesigning these policy settings. Here I would offer some caution in response to calls to reduce childcare subsidies to reduce the net costs of childcare and enable for women to increase their workforce participation. While extremely well-intentioned as a productivity-enhancing cost of relief measure, and a proposal to be applauded for at last responding to the barriers to women's workforce participation that have been long ignored by the previous government, there is a risk that bringing forward the reduction in subsidies will activate higher demand and place additional strain on a sector and a sector that is already stretched to capacity. There is a risk of childcare fees will be forced upwards and quality standards could erode, if additional demand is being placed on the sector without simultaneously investing in the sector and fortifying its capacity to provide additional places. These issues include addressing the low pay and flat pay trajectories of care sector workers, and providing places that are accessible to all families including in remote locations and for parents working non-standard hours.

Analysis of EMTRs also illustrates that any policy changes under consideration in relation to tax and transfer settings should be focused on reducing the EMTRs that are experienced by women at the 4th and 5th day of work. Innovative approaches – that could possibly encompass designing subsidies that increase in accordance with the number of hours or days worked per week by the second-income earner, rather than decrease in accordance with household income – could assist in transforming our care and early learning system into a real productive asset, as an economic enabler and an investment in human development for all parents, carers and their families.