



Submission to the Senate Community Affairs Committee

PPL Amendment Bill 2022

23rd January 2023



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About Us

APLEN

APLEN (Advancing Parental Leave Equality Network) is a network of organisations established as part of a commitment to lead UN global gender equality efforts to advocate and advance parental leave equality in Australia. Australia has the least generous statutory Paid Parental Leave scheme amongst OECD nations and men continue to take less than 5% of primary parental leave in Australia.¹ Thus APLEN's purpose is to break the breadwinner/homemaker mould by educating and inspiring organisations with innovative policies, practices and case studies on how to lead a family friendly, gender equal workplace - starting with parental leave.

Parents At Work believe it is vital to shine a light on anything that prevents men from sharing the caring and thus take a lead role in initiating a number of APLEN initiatives to ensure gender equality on all fronts is addressed. For more information or to join the APLEN network visit www.aplen.com.au

Parents At Work

[Parents At Work](http://www.parentsatwork.org.au) is a social impact global advisory group providing work and family care solutions to businesses to create family-friendly workplaces. We advise, educate, and certify workplaces. We partner with UNICEF Australia and other industry and community partners to champion and shape best practice workplace policy standards to support people to thrive at work and at home. Since 2007, we have provided over 500,000 families in their workplaces with vital family, career, and wellbeing services. In Australia, Parents At Work launched the Family Friendly Workplaces initiative with UNICEF Australia to encourage employers to adopt more family friendly policies and practices by developing National Work & Family Standards. For more information about Family Friendly Workplaces visit www.familyfriendlyworkplaces.com

¹ Fathers and parental leave, Australian Institute of Family Studies, 2019, <https://aifs.gov.au/resources/short-articles/fathers-and-parental-leave>

About this Submission

We welcome the support announced by the Australian Government through the 2022-2023 Women's Budget Statement to further strengthen and expand the paid parental leave (PPL) provisions. We look forward to continued cooperation between Federal and State Governments, the business community, our community, and industry partners to reduce stress and improve outcomes for working families.

This Bill amends the Paid Parental Leave Act to make the payment more accessible, more flexible and gender-neutral, which contributes to closing the gender pay gap by enabling men to take parental leave, women to consider paid work and parents to review the dynamic of their caring responsibilities.

We would like to submit recommendations for the two amendments that will:

1. Extend parental leave pay from 18 weeks to 20 weeks from 1 July 2023, with two weeks reserved on a 'use it or lose it' basis for each claimant. Parents who are single at the time of their claim will be able to access the full 20 weeks. This extension is a result of combining the current maximum of 18 weeks of parental leave pay with the current 2 weeks of dad and partner pay. Dad and partner pay will be abolished.

And

2. Make paid parental leave consist only of flexible PPL days, allowing claimants to take the payment in multiple blocks, as small as a day at a time, within two years of the birth or adoption, and remove the requirement to not return to work in order to be eligible.

Amendment 1

Extend parental leave pay from 18 weeks to 20 weeks from 1 July 2023, with two weeks reserved on a 'use it or lose it' basis for each claimant. Parents who are single at the time of their claim will be able to access the full 20 weeks. This extension is a result of combining the current maximum of 18 weeks of parental leave pay with the current 2 weeks of dad and partner pay. Dad and partner pay will be abolished.

Background

The needs of modern Australian families combining work and family have changed but Australia's current paid parental leave (PPL) system has been keeping pace and it falls significantly short of best practice PPL schemes offered by other OECD nations.

Australia's current PPL scheme does not adequately encourage or support the sharing of parental leave, leaving mothers to bear the primary caring responsibility and fathers at a disadvantage from accessing the existing parental leave provisions. The consequent impact of this on mothers, partners, children and the wider business community is considerable including perpetuating gender inequality and poorer economic, health and wellbeing outcomes.

If Australia is to eliminate gender inequality by providing an equal opportunity for mothers and fathers to combine their work and caring responsibilities, significant structural changes need to be made to the existing PPL scheme to support and help normalise acceptance of both men and women taking parental leave.

The benefits of mothers and fathers taking parental leave are many and have wide-reaching impacts, for businesses and families. When parental leave options are more equally available to both mothers and fathers, then the levelling of unpaid care work is also more equal. Fathers are able to have a better balance between work and family, and spend more time with their children; and mothers are given that same balance too, with more opportunity and flexibility to pursue their career and combine paid work with their caring responsibilities.

The [OCED Family database](#) illustrates how Australia is trailing behind other OECD nations on a number of measures for PPL. The length of available paid leave (both maternity and parental) in the OECD is, on average, 53 weeks for mothers and 8 weeks dedicated leave for fathers. This is generous when compared to Australia's government-funded leave.

In Australia, men's access and uptake of paid parental leave remains low compared to other OECD countries. Just one in 20 Australian fathers take primary parental leave², which is a low number by global standards. In the recently published [WGEA Gender Equality Scorecard 2022](#), men now account for 13% of all paid primary carer's leave taken (in organisations with greater than 100 employees). Fathers are more likely to take paid parental leave if encouraged by "daddy quotas" or bonus months³.

Despite the traditional low uptake of PPL among fathers, men want to be more involved in the lives of their children. National Australian research⁴ has also shown that dads who struggle with combining work and care report less warm, consistent interactions with their children. Half of the fathers surveyed reported that the leave was 'too short'. Supporting fathers via workplaces to balance their work with the needs of their families is good for dads, their partners and children⁵.

Generous PPL provisions and a gender equal access are key drivers of women's participation in the workforce, access to leadership opportunities and other gender equality outcomes. Gender equality means parents regardless of their gender should have equal access to parental leave. By actively promoting men and women as equal carers through shared parental leave, we have the opportunity to narrow the gender gap, boost workplace productivity and champion Australian parents in both their family and work goals

The following recommendations are extracted from the [Grattan Institute Report: Dad days](#) (Page 30, Table 5.1: Options for reform) provide a snapshot of some cost modelling on a variety of options for reform.

Table 5.1: Options for reform – the pros (lighter) and cons (darker)

Option	Cost	Impact – GDP	Impact – mothers' lifetime earnings	Benefits for children	Simple to administer	Perceived as fair
Option 1 "6 weeks" 6/12/6 weeks minimum wage	\$0.4b	\$0.7b	\$25k	Benefits from 4 weeks of additional paternal involvement.	Minimal admin from including second parent.	As fair as current system.
Option 2 "6 weeks + 2 bonus weeks" 6/12/6 weeks minimum wage, plus 2 bonus weeks	\$0.6b	\$0.9b	\$30k	Benefits from 4 weeks of additional paternal involvement.	Additional admin from determining eligibility for 2 bonus weeks.	As fair as current system.
Option 3 "12 weeks" 12/12/12 weeks minimum wage	\$2b	\$2b	\$70k	Supports the possibility of 24 weeks of breastfeeding. Larger benefits from 10 weeks of additional paternal involvement.	Minimal admin from including second parent.	As fair as current system.
Option 4 "12 weeks + higher rate" 12/12/12 weeks 80% AWE (35% increase)	\$4b	\$3b	\$85k	Supports the possibility of 24 weeks of breastfeeding. Larger benefits from 10 weeks of additional paternal involvement.	Minimal admin from including second parent.	As fair as current system.
Option 5 "12 weeks paid 80 per cent of earnings" 12/12/12 weeks 80% earnings	\$5b	\$3.5b	\$110k	Supports the possibility of 24 weeks of breastfeeding. Larger benefits from 10 weeks of additional paternal involvement.	Need to collect detailed information about earnings.	More money for high earners.

Note: Lighter colours indicate the option more strongly meets the criteria.
Source: Grattan analysis.

² Applebaum, E., & Milkman, R. (2011). Leaves that pay: Employer and worker experiences with paid family leave in California. Washington, DC: Center for Economic and Policy Research. Retrieved from cepr.net/documents/publications/paid-family-leave-1-2011.pdf

³ <https://www.oecd.org/policy-briefs/parental-leave-where-are-the-fathers.pdf#:~:text=All%20OECD%20countries%2C%20except%20the%20US%2C%20offer%20nationwide,job-protected%20leave%20that%20is%20available%20to%20both%20parents>

⁴ National Working Families Report 2019 - <https://parentsandcarersatwork.com/wp-content/uploads/2019/10/NWFSurvey-Executive-Summary.pdf>

⁵ Dinh H, Cooklin AR, Leach L, Westrupp E, Strazdins L, Nicholson JM. (2017) Parents' transitions into and out of work-family conflict and children's mental health: Longitudinal influence via family functioning. Soc Science Med. 194:42-50.

Recommendations

To support working families and normalise the uptake of paid parental leave by fathers, we encourage the government to commit to a long term vision and plan to further invest in paid parental leave over the next decade as 20 weeks is not enough to adequately share between parents, particularly to support childbirth recovery, perinatal and post natal health challenges such as premature birth and breastfeeding. We recommend:

- Increasing to 26 paid weeks to be implemented within 12 months with a 'use it or lose it' of 2 weeks component so that a minimum of 24 weeks is reserved for each parent (full 26 weeks available for single parents)
- Committing to a plan to incrementally increase the number of weeks paid annually to reach 52 paid weeks with 12 weeks reserved for each parent by 2030.

Amendment 2

Make paid parental leave consist only of flexible PPL days, allowing claimants to take the payment in multiple blocks, as small as a day at a time, within two years of the birth or adoption, and remove the requirement to not return to work in order to be eligible.

Background

Research has documented that children's experiences and exposures during their early years play a critical role in shaping their chances for long-term health and well-being. While parents need time, access to resources and support services to be able to provide nurturing care during early childhood and beyond, infancy is a particularly vulnerable period.

Parental leave provides parents with time to care for and bond with their infant, establish routines for feeding and care, and attend to their medical care needs, while also providing mothers who have been through childbirth time to recover physically. There is strong evidence that among the most effective strategies for supporting healthy development are increasing exclusive breastfeeding, adequate nutritional intake, and on-time immunisation during infancy.

Flexible access to PPL and flexible leave arrangements increase accessibility for fathers and can ease the financial cost of taking leave. Working families need most support in the first five of a child's life before children go to school. This would:

- Provide the opportunity for parents regardless of gender to care for their children in the critical formative years
- Take the pressure off the childcare system
- Ease pressure on women to go back to work within 2 years of the arrival of a child
- Support children's health and wellbeing

Recommendation

To support working families and facilitate access to paid parental leave by fathers, we recommend:

- Increase access to PPL from 2 years to 5 years with the ability to use the paid leave flexibly

Further Recommendations

1. PPL payment to be more aligned to average weekly earnings rather than minimum wage

International comparison of utilisation data and parental leave policies show that the use of parental leave by fathers increases when entitlements are generous and when policies offer flexibility about when leave can be used ([Workplace Gender Equality Agency](#)).

The career and financial costs of women, in particular, taking parental leave have been shown to have a significant impact on their lifetime earning capacity. As the AIFS stated “*the reasonably [abstract concept of a wage penalty](#) is unlikely to figure prominently alongside personal financial circumstances and employment contexts when people make decisions about the duration of leave they take.*”⁶ If a woman on a higher than minimum wage reduces her leave time based on a financial need to return to work because the minimum wage is inadequate and does not meet her normal living costs it can have an impact on her and her family’s physical wellbeing and mental health.

With a closer alignment to ‘average weekly earnings’ rather than minimum wage, new parents would be more enabled to share the leave with less financial penalty.

2. Pay Superannuation on PPL

Australian women continue to retire on significantly less superannuation than men. In Australia, only a small percentage of women receive superannuation on their employer funded paid parental leave.

A key factor in the gender bias for superannuation accumulation for women, continues to be the unpaid periods of time women (as primary carers) take to care for children.

From working closely with organisations and their employees, Parents At Work understand that women are more likely to take a career break and/or return to work part-time, leading to less opportunity to upskill or get promoted, receiving less pay and thus overall receiving less superannuation.⁷

The interruption of superannuation savings of a parent whilst on parental leave (whether paid or unpaid), in combination with the gender pay gap and the common factor that mothers often

⁶ Australian Institute of Family Studies, Maternity leave and reduced future earning capacity, 2011
<https://aifs.gov.au/research/family-matters/no-89/maternity-leave-and-reduced-future-earning-capacity>

⁷ Advancing Parental Leave Equality and Introducing Shared Care in Australia: The business case for action, 2019, Parents At Work

return to work part-time after having children, contributes to the fact that Australian women, on average, retire with 47% less super than men.⁸

Industry Super Australia estimates the number of employers currently offering superannuation on parental leave is less than 7%.⁹ Of the 82 [Family Friendly Workplace certified](#) organisations, 47% with paid parental leave (PPL) policies and practices offer superannuation on unpaid periods of parental leave. These are active organisations who are already committed to creating workplaces that are inclusive and supportive of gender equality and reducing parent/carer discrimination.

There is a strong economic argument to pay superannuation on paid parental leave as one key lever to tackle the gender pay gap. Receiving additional superannuation payments will help reduce the risk of women living in poverty at retirement, contributing to a healthier state of mind when caring for their family and feeling equal worth in their caring and paid work roles, a key confidence booster on returning to work.

Improving women's economic wellbeing and financial security in retirement by paying superannuation during their parental leave years will feed back the economy, be less drain on the welfare system in the long term and lead to greater health outcomes for women towards the end of life.

3. Support employers to contribute to paid PPL

The business case for employers to contribute employer funded paid parental leave for their employees is very clear and many organisations are now using it to their advantage. For example, following KPMG's introduction of a shared parental leave policy in mid 2021, their employee engagement survey found that parents scored 12% above the firm average when asked whether they planned to stay with the firm for five or more years.¹⁰

The business benefits for employers include improved talent attraction, employee retention and improved gender diversity in leadership positions.

However, not all businesses are able to provide large contributions and/or know little of the benefits of how PPL can benefit business outcomes.

Incentivising those employers that do contribute to an employees parental leave financially, will encourage more small and large businesses to adopt best practice policies that support Government's contributions.

⁸ Why it is so important to receive super while on parental leave, Women in Super, 2023, <https://www.womeninsuper.com.au/content/why-is-it-so-important-to-receive-super-while-on-parental-leave/gjktnp>

⁹ Super Contributions on Parental Leave, Media Super, 2023, <https://www.mediasuper.com.au/blog/fund-tips/super-considerations-for-parental-leave>

¹⁰ Bridging the Work and Family Divide Report, 2022, <https://familyfriendlyworkplaces.com/wp-content/uploads/2022/05/FFW-Bridging-the-work-and-family-divide-Report-2022-DIGITAL.pdf>

In addition to this, if the Government officially recognises any organisations that adopt such policies (via a benchmarked best practice standards scheme like Family Friendly Workplaces) will boost interest in businesses initiating employer funded paid parental leave.

The Bridging the Work and Family Divide: [Understanding the benefits of family friendly workplaces](#) outlines more on this including a social impact framework that highlights how the business community's alignment with Government guidelines and incentives is intrinsically linked.¹¹

¹¹ Bridging the Work and Family Divide Report, 2022, https://familyfriendlyworkplaces.com/wp-content/uploads/2022/05/FFW_Bridging-the-work-and-family-divide_Report_2022-DIGITAL.pdf

Additional Resources

- [Bridging the work and family divide: understanding the benefits of family friendly workplaces 2022 Report](#)
- Advancing Parental Leave Equality and Introducing Shared Care in Australia - [Whitepaper](#)
[National Working Families Report 2019](#)
- [Fathers and parental leave](#) article, Australian Institute of Family Studies 2019
- Advancing Parental Leave Equality Network [website](#)
- [Parental Leave: Where are the fathers? OECD Policy Brief 2016](#)
- [Mum's call to extend parental leave for up to five years](#) AFR article 2021
- [UNICEF Parental Leave Family Friendly Policies 2019](#)

Contact

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