

Senate inquiry into Paid Parental Leave Amendment (More Support for Working Families) Bill 2023

Committee Secretary, Senate Standing Committees on
Community Affairs

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About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector.

ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metro, regional and remote areas.

Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

Summary

Thank you for the opportunity to participate in this inquiry into the Paid Parental Leave Amendment Bill 2023.

Paid parental leave is critical in fostering a fair and inclusive society, promoting gender equality and removing workplace barriers for primary caregivers. It is especially important in supporting women in the workforce and reducing their risk of part-time, casual and insecure employment. Other social benefits gained include the promotion of infant and maternal health and wellbeing, normalising shared care between women and men, and maintaining parents' connection with employers.

The bill proposes the following changes:

1. extending current maximum parental leave pay entitlement (20 weeks) by 2 weeks each year from 1 July 2024, to reach 26 weeks by July 2026
2. extending reserved leave for each parent by 1 week from 1 July 2025, to reach 4 weeks from 1 July 2026
3. extending concurrent leave so both parents can take 4 weeks of paid parental leave at the same time, by 1 July 2025
4. extending paid parental leave to persons prevented from working due to their child being born prematurely and can meet the work test
5. clarifying eligibility criteria for individuals wanting to access Paid Parental Leave in exceptional circumstances.

ACOSS supports all of these proposed changes. We consider the scheme could be further strengthened by extending the parental leave pay entitlement to better align with global standards. Additionally, we call for government payment of superannuation on the parental leave entitlement and for employers to continue to administer the Paid Parental Leave scheme.

Discussion

Support for the Bill's strengthening of paid parental leave entitlements

ACOSS supports the Paid Parental Leave Amendment Bill 2023. Specifically, ACOSS supports the extension of the current paid parental leave entitlement to 26 weeks, extending the reserved period for partnered claimants, increasing the number of days able to be taken concurrently by multiple claimants, and the use of gender-neutral language in the Bill. This will better align the scheme with recommended minimum global standards.

Further strengthening of the scheme to align with international standards

There is further to go for the Australian scheme to meet average conditions set by OECD and other industrialised countries.

International Labour Organization (ILO) standards recommend 18 weeks of maternity leave¹ and the World Health Organisation's (WHO) recommends a minimum of 26 weeks. Many countries offer more generous arrangements. OECD analysis shows that in 2022 most OECD nations offered an average 51

¹ ILO 2022, *Care at work: Investing in care leave and services for a more gender equal world of work*, p.2. Available: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---gender/documents/publication/wcms_838655.pdf

weeks of paid leave for mothers and 10 weeks for fathers.² In the same year, the ILO found the 68 countries with parental leave offered an average duration of much more at 103.5 weeks (almost 2 years).³

Additionally, the Australian Government pay rate for paid parental leave is at the national minimum wage, while the ILO recommends such leave be at full pay. Australia's low pay rate can disincentivise uptake for some parents, especially men. Providing opportunities for men to take paid parental leave facilitates father child bonding, sharing of caring duties between parents and supports women's continued employment. Global evidence shows men are more likely to take up such leave when paid at reasonably high rate and when policies are flexible about when leave can be used.⁴

The Women's Economic Equality Taskforce has previously recommended extending paid parental leave to 52 weeks and increasing payments to reach a preplacement wage.⁵ This recommendation has been echoed by the Australian Services Union and Equality Rights Alliance in their submissions to this inquiry. International data show longer paid parental leave periods than Australia currently offers result in women's higher workforce participation rates.⁶ The Australian Council of Trade Unions found that increasing women's workforce participation, including by increasing Commonwealth Paid Parental Leave to 52 weeks by 2030, could benefit the economy by \$26 billion.⁷

ACOSS also supports the Equality Rights Alliance's recommendations for consideration of the unique needs of parents experiencing adverse birth

² OECD 2022, *OECD Family Database*, pp 3&7

Available: https://www.oecd.org/els/soc/PF2_1_Parental_leave_systems.pdf

³ ILO 2022, *Care at work: Investing in care leave and services for a more gender equal world of work*, p.3.

Available: https://www.ilo.org/wcmsp5/groups/public/---dqreports/---gender/documents/publication/wcms_838655.pdf

⁴ Workplace Gender Equality Agency (no date), *Towards gender balanced parental leave: Australian and international trends*, Insight Paper, p 9. Available:

<https://www.wgea.gov.au/sites/default/files/documents/Parental-leave-and-gender-equality.pdf>

⁵ Women's Economic Equality Taskforce 2023, *A 10-year plan to unleash the full capacity and contribution of women to the Australian economy*. Available:

<https://www.pmc.gov.au/sites/default/files/resource/download/womens-economic-equality-taskforce-final-report.pdf>

⁶ OECD Labour Force Participation Rate. Available: <https://data.oecd.org/emp/labour-force-participation-rate.htm>. "Maternity and paternity leave in the EU." European Parliamentary Research Service, 2022.

Available: [https://www.europarl.europa.eu/RegData/etudes/ATAG/2022/698892/EPRS_ATAG\(2022\)698892_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2022/698892/EPRS_ATAG(2022)698892_EN.pdf)

⁷ The ACTU find that if women's participation was increased to the same rate as men, another 893,000 women would be in the workforce. Even if only half of those women were able to participate, women would earn an extra \$26B each year: ACTU 2022, *Delivering Equity for Women at Work*, p 9. Available:

<https://www.actu.org.au/wp-content/uploads/2023/05/media1450121actu-job-summit-report-delivering-equity-for-women-at-work.pdf>

outcomes and the potential role for PPL in addressing these needs; and of identifying barriers, and improving access, to paid parental leave by:

- First Nations people and culturally and linguistically diverse people; and
- people in heterodox relationships and by transgender people, gender fluid people and people who do not identify on the gender binary.

Recommendation 1

ACOSS recommends implementation of the bill's proposals to extend the scheme's provisions, and supports further strengthening the scheme to align with international standards and remove barriers to access.

The government should pay superannuation on paid parental leave

Currently, the Commonwealth paid parental leave does not include superannuation. This has long term negative financial and other consequences for women.

Australian women already experience significant gender gaps in pay and superannuation.⁸ Women approaching retirement have 23.1% less superannuation than men of the same age.⁹ This is due to women occupying lower paid jobs, being paid less, doing less paid work and more unpaid work than men. This results in their lower compulsory and voluntary superannuation contributions – a factor in many older women's experience of poverty.

The Government has previously committed to paying superannuation on paid parental leave. ACOSS joins calls by the Women's Economic Equality Taskforce,¹⁰ Equality Rights Alliance and Australian Services Union for the Government to extend superannuation to government funded parental leave.

Recommendation 2

ACOSS recommends the Government pay superannuation on paid parental leave.

⁸ KPMG 2021, *The gender superannuation Gap: addressing the options*, p. i. Available: <https://assets.kpmg.com/content/dam/kpmg/au/pdf/2021/addressing-gender-superannuation-gap.pdf>

⁹ ATO 2020 Taxation statistics 2019-20, Snapshot Table 5, Chart 12, Median super balance by age and sex. Available: https://data.gov.au/data/dataset/taxation-statistics-2019-20/resource/7fbad034-e1ad-43fe-a67a-893fe59be13e?inner_span=True

¹⁰ 8 Women's Economic Equality Taskforce, *A 10-year plan to unleash the full capacity and contribution of women to the Australian economy*. Available: <https://www.pmc.gov.au/sites/default/files/resource/download/womens-economic-equality-taskforce-final-report.pdf>

Employers should administer the Paid Parental Leave scheme

A recent Senate Inquiry into *Potential impacts of the Commonwealth Paid Parental Leave Scheme on small businesses and their employees*¹¹ recommended that Services Australia administers the paid parental leave scheme for all small business, except where small business opts in to do so. Its reasoning was based on claims of an undue administrative burden in processing these payments for small business.

ACOSS rejects this recommendation and supports the position taken in the Government Senators and Greens Senators dissenting report on the need to maintain the relationship between employers and employees on paid parental leave.¹² The dissenting report points out that claims of an administrative burden of the scheme on small business have been tested and disproven by the Paid Parental Leave Scheme evaluation, conducted for the Department of Social Services.

We consider that reducing the employer role would significantly undermine the structure of the scheme and would detract from business understanding paid parental leave as a workplace entitlement. Additionally, it would push the administrative burden onto new parents and likely reduce the uptake of paid parental leave.

Having employers administer the scheme maintains a connection between the employer and new parents. It benefits parents by increasing their long-term workforce participation. It also benefits employers by retaining valuable staff, and being able to offer family friendly workplaces as a workplace incentive.¹³

Recommendation 3

ACOSS recommends employers continue to administer the Paid Parental Leave scheme.

¹¹ *Potential impacts of the Commonwealth Paid Parental Leave Scheme on small businesses and their employees*. Available: https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/PaidParentalLeave/Report

¹² Dissenting Report from Government Senators and Greens Senators. Available: https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/PaidParentalLeave/Report/Dissenting_Report_from_Government_Senators_and_Greens_Senators

¹³ Hammer P & Palmgren R 2019 *How parental leave policies influence employee engagement*, University of Gavle. Available: <https://www.diva-portal.org/smash/get/diva2:1331586/FULLTEXT01.pdf>

We thank the Senate Committee again for the opportunity to submit to this inquiry. available to discuss any of the points in this submission if needed.

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