



January 2023

Submission to the Senate Standing Committee on Community Affairs on Paid Parental Leave Amendment (Improvements for Families and Gender Equality) Bill 2022

Overview

The statutory Paid Parental Leave scheme provides much needed financial support for many working parents when stepping away from paid work for birth and care. As a government funded work and family policy it also reflects the national perspective on the value of work and care and reinforces community expectations on the way it should be distributed amongst parents.

The Workplace Gender Equality Agency (WGEA) welcomes this opportunity to contribute to the Senate Committee's consultation on amendment to the *Paid Parental Leave Act (2010)*.

WGEA is responsible for promoting and improving gender equality in Australian workplaces. Each year we collect gender equality data from approximately 10,000 private sector employers. As such, we are well placed to provide evidence and insights into the most pressing gender equality challenges experienced in contemporary Australian workplaces. The Agency is particularly attuned to understanding policies such as Paid Parental Leave that are able to support a more gender equal distribution of work and care parents.

Our submission situates the proposed changes to the *Paid Parental Leave Act (2010)* within a private sector employment context, highlighting where the amendments align and enhance private employer offerings of Paid Parental leave and their associated policy aspirations. This perspective is highly relevant to the Committee's review given the statutory scheme was intended to work "hand-in-hand"¹ with employer provisions from its inception. We provide WGEA data on the areas directly relating to the proposed amendments to the Act and explore several additional insights that have emerged from our analysis that suggest areas where the statutory scheme may be strengthened in the future to support a more equal distribution of work and care amongst parents, and ensure the policy keeps pace with employee and community expectations of support from Government and employers.

Background

The work and care landscape in Australia

More people are currently in the paid workforce than at any time in last decade.² Nonetheless, Australia remains characterised as a 'one and half earner' nation,³ where paid work and care remain unequally distributed between women and men. This is particularly marked for working parents⁴.

WGEA data shows the gender composition of the Australian workforce covered by the *Workplace Gender Equality Act 2012 (Act)* is relatively equal, with 51% of the workforce comprising women, and 49% men. Men are more likely to work full time (67%) compared to women however (42%). Women are also more likely to work part time (31%) and employed on a casual basis compared to men.⁵

Looking at working parents, most parents with dependent children do engage in some level of paid work, however we continue to see a direct link between women's workforce participation and their caregiving responsibilities.⁶

In 2019-2020 for example, only 65.5% of women with a youngest child under 6 participated in the labour force, compared with 90% of men.⁷ Women's participation rises sharply when children go to school and they report 'caring for children' as the biggest barrier to reaching their desired level of paid work, which was not the case for men.

Given such a high proportion of Australian workers are undertaking care for dependent children alongside work, policies and practices that support working parents like paid parental leave are of critical importance to employers and their employees.

Employer Funded Paid Parental Leave - provisions and uptake from reporting organisations

The WGEA reporting data for the 2021-22 reporting period, reveals over three out of five employers already offer some form of paid parental leave.

Employer-funded paid parental leave is offered by 62% of reporting employers. This is a slight increase from 60% of employers offering employer-funded paid parental leave in the previous reporting period, 2020-21. Around 57% of employers offer this to both mothers and fathers, with only 5% offering the policy to women alone.

Of those employers who do offer paid parental leave, 86% still require a qualifying period of 12 months to access the paid leave. Also, 35% of employers require the leave is taken within 6 months, 91% that the leave must be taken within 12 months and only 9% allow the leave to be taken in a longer, 24-month period.

The average duration of leave entitlements provided for primary care givers is 11.1 weeks and for secondary carers, 2.4 weeks.⁸ The alignment of leave duration with the policy provisions shows the strong relationship between policy and behaviour, highlighting the pivotal role policy can play in setting the pace and direction of change.

To this end, the removal of the 'secondary' and 'primary' carer leave labels, and greater flexibility in taking the leave proposed in the *Paid Parental Leave Act 2010* amendments will be positive steps in giving greater freedom to parents to determine the care roles and how they occur for themselves.

Whilst some employers are at the forefront of policy change on paid parental leaves, utilisation of the leave in private sector employment continues to reflect traditional gender roles, however.

As illustrated in the table (overleaf) 87% of employees that accessed parental leave for primary carers were female and only 13% men. This is however 1% higher than the rates in the previous year and may signal an upward trend in fathers taking on more primary care responsibility in the family overall.

One of the more encouraging trends found to this end in the most recent WGEA data on Paid Parental leave was the increasing number of employers offering gender neutral access to paid parental leave- with 24% of those employers who offer PPL removing distinctions between primary and secondary carers.

Whilst employer funded models are encouraging, they are not yet offered universally in the private sector.

Thirty- eight percent (38%) of reporting employers do not offer any form of employer-funded parental leave and almost half (45%) of these employers do not offer this leave because they believe the government scheme provides adequate support for parents taking leave for birth and care. WGEA data highlights that that many private sector employees will rely solely on the statutory scheme for their parental leave for birth and care. Further gaps in coverage can be found in some male dominated industries, and smaller employers overall with male dominated industries and smaller organisations less likely to offer employer-funded paid parental leave.

These factors are all likely to influence the primary caregiving decisions of working parents. They reflect and reinforce gender stereotypes of work and care with a much higher likelihood of primary care provided by the mother and full-time work undertaken by the father.

Table 1: Proportion of primary carer’s leave taken by women and men

Description	Manager category	Female (%)	Male (%)
Primary carers leave	Non-managers	88	12
	Total managers	76	24
All Employees		87	13

Best practice paid parental leave

Australia’s first statutory Paid Parental Leave commenced in 2011. Australia was one of the last OECD nations to provide a government funded Parental Leave scheme and this meant the evidence on best practice paid parental leave was well established and able to inform the development of the Australian statutory scheme. This included those policy features that would support a more equal share of primary care amongst parents and incentivise primary care by fathers.

The evidence suggests that providing leave at or close to replacement rates of pay, ring-fenced leave for fathers and greater flexibility in how the leave could be used amongst the couple, were features considered most effective to support shared care arrangements amongst working parents, and in particular, encouraging fathers to take up any and all primary carers leave entitlements.⁹

Several of these features are the minimum standards for reaching Employer of Choice for Gender Equality (EOCGE) status under the WGEA program and they mirror features found in the paid parental leave policy of public and private sector employers.

This includes gender-neutral leave provisions, removing the distinctions between primary and secondary carers, giving greater access and flexibility in how the leave is taken and by extension, enabling both parents’ opportunity to participate in work and care more equally.

Notwithstanding the above alignments, our data also shows there may be some opportunities to strengthen the statutory paid parental leave policy over time, especially in meeting broader gender equality objectives. Pursuing policy features that promote a greater take-up of paid parental leave by fathers and exploring ways to better cover parents without access to replacement rates of pay through their employers, show up as the most positive additions to explore.

Further, 83% of employers offering paid parental leave also pay superannuation, 9% of whom pay Super on both employer and government funded leave.

As the evidence in the following section highlights the proposed changes to the *Paid Parental Leave Act (2020)* and any future expansions can play a decisive role in supporting a more equal distribution of work and care amongst parents and minimising the current erosion of women’s economic security over the life course through their intermittent attachment to the paid workforce because of care of children.

Impacts of work and care across the life course for women

The WGEA 2021-22 dataset shows participation in paid work remains a highly gendered experience. The negative impact of stepping away from work to care is implicated in a range of gendered outcomes in the workplace beyond parental leave itself. The effect appears especially disadvantageous to women and is noted in a persistent gender pay gap, lack of proportional representation of women in leadership positions and across occupations and sectors (vertical and horizontal gender segregation).

The Gender Pay Gap

Agency’s data shows women continue to experience economic disadvantage in the workforce with a persistent overall gender pay gap in Australia (GPG) of 22.8%.

Analysis of GPG data by age shows a financial advantage to men in all age groups across working life. The GPG starts small in the early career years and grows larger with age for women. Our latest gender equality scorecard data shows women under 24 years of age earned on average \$1,413 per year less than men, with an average pay gap of 2.5% for this age group.¹⁰

The GPG peaks for female employees aged 55-64 at 31.9% and remains high at 25.3% for employees aged 65 years and over.

It is no coincidence that the GPG increases most markedly during the primary childbearing years where women are most likely to step away from work for birth and care (25-44 years of age). This trend is shown to continue into future decades at work in the form of reduced overall remuneration. It further intersects with broader experiences of disadvantage over the employee lifecycle including shown in differential outcomes in rates of hourly pay across feminised industries and lower representation in leadership positions and promotions.

Promotion, Leadership and Gender Segregation

Women remain overrepresented in the lower ranks of almost all industries compared to men. Our data finds only seven out of 19 industries have a gender balanced executive team¹¹ and only 1 industry has a female dominant management cohort (Health Care and Social Assistance). This means men are more likely to disproportionately occupy leadership positions even in female dominated sectors.

Lower rates of hourly pay can also be examined in many female dominated industries (pink collar industries) compared to male dominated industries.¹² Technicians and trade workers earn 7.2% more per hour than community and personal service workers. Twenty two percent of community and personal services workers have Bachelor degrees or higher compared to 13.2% of technicians and trade workers.

With lower rates of superannuation resulting from each of the disparities noted above, after a lifetime of work and care women are far more likely to retire into poverty compared to men.¹

Summary

Taken together, WGEA data shows women's and men's participation in the workforce is highly gendered. This is evident in our data from private sector employment, and in the broader work and care literature.

This has several negative effects, and mostly to the detriment of women's social and economic equality compared to men. On average, women receive less pay compared to men at every stage of their careers. Our examination highlights how this outcome occurs reflecting a range of gendered experiences at work that are both implicitly and explicitly connected to women stepping away from paid employment to provide care. Its impact is most acute in the first two years after birth.

Paid parental leave policy can play a critical role in setting working parents on a more gender equal pathway through more equal participation in work and care. The proposed amendments to the *Paid Parental Leave Act (2010)* and future expansions of the Government and employer-funded schemes will support this direction.

As the following section highlights there are many benefits to be gained in driving change in this direction.

Key benefits

The Agency finds the proposed changes to the *Paid Parental Leave Act (2010)* and their expansion over time, is likely to have positive effects for working parents and their children at both macro and micro levels.

Gender Equality

Men's interest in child rearing is not new but is certainly increasing at an aggregate level with strong gender equality benefits emerging as result.¹³

Research has found a host of positive outcomes associated with Paid Parental Leave that emerges in terms of gender equity and particularly when paid parental leave is accessed by fathers. These centre on but are not limited to the distribution of work and care amongst couples with corollary impacts on women's lifetime economic security.

¹ In addition, with women predominantly responsible for primary care they are more likely than men to step away from work and for longer periods of time for care. This has corollary impacts on their professional capital - directly in the form of lost years of experience with impacts for promotion, differential access to profit and loss portfolios and other clout positions, and informally with broken years of service, contacts, networks, and upskilling opportunities.

The Longitudinal Household, Income and Labour Dynamics (HILDA) survey for example continues to report that women spend more time on unpaid household and domestic tasks, including childcare compared to men even after birth. Whilst men's average hours of unpaid work do increase after the birth of the first child, it is to a much smaller degree than the additional hours spent by women.¹⁴ Fathers who take parental leave as the primary caregiver in the early care periods, however, tend to participate in more unpaid work and childcare overall compared to fathers who have not taken such leave, with effects that well beyond the leave itself – establishing more equitable, long-term patterns in the division of work and care amongst the couple.

Mothers also benefit enormously from fathers taking parental leave beyond household chores when a new child enters the household. The research suggests that when fathers take leave to care for example, mothers receive more emotional support from the father and experience less stress.¹⁵

When paid and unpaid work is more equitably distributed among both parents or carers, children also benefit from higher household income levels which in turn leads to increased access to quality healthcare and education services for children.¹⁶

Fathers

Work and family policy outcomes increasingly point to significant wellbeing benefits when fathers take up primary care. These gains are found on global measures of wellbeing and self-reported measures of happiness for fathers who are involved in childcare.¹⁷

Research indicates that fathers who are directly involved in the care of their family are less likely to engage in risky behaviours such as smoking and alcohol consumption.¹⁸

Men who engage in childcare have reported increases in new skills acquisition such as prioritisation, role modelling and compassion – skills that are also highly desirable in the workplace.¹⁹

When fathers take parental leave, both fathers and their children benefit from stronger relationships with effects showing impact beyond childhood and including stronger performance at school.²⁰

Maternal and Child Health

Paid Parental Leave enables mothers to spend the first crucial weeks or months of a child's life recovering from birth and nurturing the baby. This has a direct impact on the health and wellbeing of both mothers and their children.

The International Labour Organisation (ILO) recommends a minimum of 18 weeks of leave for the birth mother and to support the establishment of the maternal child bond and breast feeding.²¹ Taking such leave has been found to have lasting and positive impacts for the mental and physical health of Australian mothers.²²

Paid parental leave and job protection in the first six months after the birth of a child has been found to increase women's workforce attachment and has a positive impact on the probability of a return to work in the first year after birth. This has extended benefits for maternal lifetime earnings and on the economic security for women overall.²³

A study of 18 countries in the OECD found that job protected paid parental leave had a positive impact on infant mortality rates.²⁴ Similar research in Sweden finds that longer durations of parental leave was associated with longer periods of time spent breastfeeding which resulted in greater health benefits for both children and their mother in the post-partum period.²⁵

Workplaces

The case for change on gender equality has predominantly centred on strong associations between increased gender diversity in the workplace and its cultural and economic benefits to the organisation. To this end, the provision of paid parental leave and its ability to attract and retain talent has been a consistent outcome. More contemporary evidence suggests however that there may be unique and specific effects on men in the workplace and positive benefits for those who take up primary carer leave such as paid parental leave.

Providing employer-funded paid parental has been found to have strong employer brand potential, enhancing the ability to attract talent and women, and working parents overall. The research contends that

paid parental leave and its promotion sends a strong signal to employees that their organisation is committed to supporting and retaining them.²⁶ This is likely to have a further impact on perceptions of the employer as 'family friendly' and be particularly attractive for those seeking flexible work arrangements, itself increasingly important to a greater employee cohort than working mothers alone.

A study undertaken by the World Bank in developing countries found a 6.8% increase in female workers within organisations which mandated parental leave for males²⁷, indicating that when men take time off to care for their families, women are more likely to enter or return to the workforce and are more likely to want to work for those organisations that support gender neutral care.

Other research has emphasised the cost saving potential of retaining valued employees and perhaps especially women. Paid parental leave is associated with increased rates of return from parental leave and employee engagement metrics²⁸. The evidence suggests that paid parental leave is linked to increased job satisfaction and discretionary effort, increased employee productivity and employee loyalty²⁹. Secondary effects include reduced employee turnover, retention of institutional memory, industry knowledge, networks, and contacts often critical to business and competitive advantage.³⁰

Of note is the data that supports fathers take up of paid parental leave with direct and specific effects in the recruitment, retention, and promotion rates of men, and subsidiary effects on performance and productivity.³¹

The Diversity Council Australia has found parental leave was a key driver of employment decisions as well as job performance for women and men - including young men, male managers, men approaching retirement, and for young fathers.³²

Broader cultural benefits have also been associated with paid parental leave when taken up more equally by men and women in the workplace, leading to less gendered harm overall, including recruitment and performance bias against mothers and women of childbearing age.³³

Economy

Paid parental leave is vital for increasing female workforce participation in the paid workforce. This is a focus of Australia's current economic policy and strategy.

Economic modelling undertaken by the Australia Institute in 2020 found that increasing women's workforce participation equal to that found in Iceland, would boost Australia's Gross Domestic Product by up to \$140 billion or 7.5 percent higher.³⁴

Conclusion

WGEA has long advocated for a gender-neutral paid parental leave scheme to be available to Australian workers. The proposed changes to the *Paid Parental Leave Act 2010* contained in the *Paid Parental Leave Amendment (Improvements for Families and Gender Equality) Bill 2022* will provide enhanced support to the existing scheme and encourages women and men to share work and care of children more equally.

Our submission highlights the social, economic and community level benefits of building a more robust, and targeted work and policy regime for Australian families. We identify those that will enhance the policy's equality objectives as well as women's economic stability and freedom over the life course. We shine a spotlight on the amendments that remove barriers and distinctions between primary and secondary carers, allow more flexible use of the leave across parents and over time, increase the duration of the paid leave to 26 weeks so that parents have a greater number of weeks to share care once post-partum recovery has taken place.

These changes will bring the policy closer to best practice models of PPL and align with the more contemporary offerings being provided by both private and public employers.

Finally, we note that the intent of the statutory Paid Parental Leave Scheme was to progress and expand over time and to work in parallel with employer funded policy provisions. Our data sets highlight several areas of the PPL scheme that could be expanded in future iterations, to amplify more equal distributions of the leave amongst parents, women's overall workforce attachment and economic independence and security. These include examining paying superannuation, replacement rates of pay for parents without any access to employer funded PPL (including self-employed mothers) and tracking distributions of the leave amongst parents over time, to see if the greater flexibility and gender-neutral provisions are generating the desired effect regarding shared care.

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- ⁵ WGEA (2022) Gender Equality Scorecard, viewed 17 January, 2023 available [WGEA-Gender-Equality-Scorecard-2022.pdf](#)
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- ⁷ Australian Bureau of Statistics (2023)
- ⁸ WGEA (2022)
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