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13 December 2023

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

By email: community.affairs.sen@aph.gov.au

Re: Paid Parental Leave Amendment (More Support for Working Families) Bill 2023

The Australian Services Union (ASU) welcomes the opportunity to make a supplementary submission regarding the *Paid Parental Leave Amendment (More Support for Working Families) Bill 2023*. We refer to our previous submission (No. 5) lodged on 17 November 2023.

We note Hon Michael Sukkar's Second reading proposed amendment "to amend the Paid Parental Leave Act to require the Secretary, as defined by the Act, to pay parental leave pay instalments directly to employees of small businesses except in cases where a small business opts to pay parental leave pay instalments directly to an employee."¹

We adamantly reject this proposed amendment for small business for the following reasons:

Integrity of the Paid Parental Leave (PPL) system

- The employer role in paying PPL is a critical part of the design of the PPL scheme. Benefits include increasing long-term workforce participation for new parents, particularly women; retaining valuable and skilled staff through the connection to their employer and workplace; enhancing family-friendly workplaces and gender equality; and the opportunity for workers to bargain for top-up payments and expanded PPL entitlements through their employer.
- Any change to the administration of PPL of this nature risks turning a workplace entitlement into a welfare payment.
- There are already exemptions for employers to seek for Services Australia to pay PPL.
- The decision of whether payment is made through the employer or Services Australia should continue to be made by the employee, not the employer.

Connection to employer

- A scheme that bypasses the employee disadvantages women as we know that connection to employer is a very important factor in women returning to the workforce after parental leave.

¹ 2nd reading amendment, Sukkar, Michael, MP [Online]
https://parlinfo.aph.gov.au/parlInfo/download/legislation/amend/r7102_amend_c9a64ea5-530a-4822-9756-e89ca7941b8e/upload_pdf/23133%20R%20Sukkar.pdf;fileType=application%2Fpdf

- Employers paying PPL helps normalise the taking of parental leave in workplaces and helps contribute to a culture where access to the entitlement will increase, reduce stigma, and ultimately result in more gender-equal workplaces.
- Retention of valuable and skilled staff who have taken PPL is improved through this ongoing connection to their employer. Bypassing the employer would sever the ongoing employment connection between women on parental leave and their employer/workplace.
- Findings from National Study on Parental Work Conditions: Pregnancy, Leave & Return to Work, Dr Rachael Potter – University of South Australia²:
 - *While on parental leave, 22% had their tasks or job altered against their wishes, and 73% would have liked to take more maternity leave to care for their child.*
 - *13% were treated so badly they had no option but to resign.*
 - *42% were not informed about changes that could impact them.*
 - *40% received no information about their return-to-work entitlements.*
 - *18% had their role permanently replaced.*
- Removing the employer role would exacerbate these findings with workers more likely to receive no information about changes that could impact their role or information on their return-to-work entitlements.
- PPL must be paid through the employer to retain valuable and skilled staff by keeping women connected to their employer during parental leave.

PPL is a workplace entitlement, not a welfare payment

- This proposed amendment would turn PPL into a welfare payment rather than a workplace entitlement.
- All other forms of leave and entitlements are paid by the employer. PPL must be treated the same and be paid by the employer.
- The administration of PPL should be the responsibility of business/the employer, just like all other work entitlements.
- PPL must be retained as a workplace entitlement and must not be shifted to a welfare payment which risks undermining the integrity of the scheme.

PPL and top-up payments

- Workers regularly bargain for top-up payments to the Commonwealth Paid Parental Leave scheme, and/or additional parental leave entitlements. This is common in many sectors, including the community services sector where there are many employers that would be classified as small businesses due to their small workforce size. This proposed change would have a detrimental impact on low-paid workers in this female-dominated sector.
- Removing the employer/employee payment relationship with the Commonwealth PPL scheme risks undermining the ability for workers to bargain for additional parental leave entitlements. Please see our previous submission for case studies.³
- PPL must continue to be paid by the employer so that workers maintain the ability to bargain for additional top-up payments to the Commonwealth PPL scheme, or additional entitlements.

² University of South Australia, National Study on Parents' Work Conditions: Pregnancy, Leave and Return to Work [Online]
<https://www.unisa.edu.au/research/cwex/projects/national-study-on-parents-work-conditions-pregnancy-leave-and-return-to-work/>

³ Submissions received by the Committee

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/PaidParentalLeave/Submissions

Gender equality

- This change would worsen gender inequality as it disproportionately impacts women. It would take us backwards and undermine the PPL scheme in its entirety.
- Any change that may make it more likely for discrimination to occur against working mothers or parents or reduce female workforce participation should be avoided.
- Instead, focus should be on strengthening and improving the industrial entitlement by increasing PPL to 52 weeks and paying superannuation on PPL, improving PPL access for parents as well as reducing discrimination against pregnant employees and working parents, providing the best conditions for the maintenance of the employment relationship during periods of parental leave, and improving parental leave access and entitlements to increase gender equality in Australia.

Finally, we are aware the Australian Council of Trade Unions will be making a submission to this Inquiry, and we are supportive of the submission and recommendations contained within.

Yours faithfully

Emeline Gaske

ASSISTANT NATIONAL SECRETARY