



The Parenthood’s Submission to the Paid Parental Leave Amendment (More Support for Working Families) Bill 2023

“Children are the future of Australia so ensuring they are nurtured to reach their full potential is in the nation’s best interests. For children to thrive, parents and families need support.” **Wendy McCarthy AO, Patron of The Parenthood**

About The Parenthood

The Parenthood (TPH) is an advocacy organisation that represents more than 80,000 parents, carers and supporters nationally. Our mission is to make Australia the best place in the world to be a parent because when parents are supported, children can thrive.

Becoming a world leader in ensuring that all parents and children are supported to realise their full potential is a bold ambition that is not beyond Australia’s capability. Indeed seizing this opportunity and investing in best-practice evidence-based policies to optimally support children and their families yield profound health, social and economic benefits. Making Australia the best place in the world to be a parent and raise a child will lead to a healthier, more equitable and more sustainable future for all Australians.ⁱ

Acknowledgement of Country

TPH acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of Country throughout Australia and their continuing connection to both their land and seas. We also pay our respects to Elders – past, present and emerging – and generations of Aboriginal and Torres Strait Islander peoples now and into the future.

Executive Summary

Paid parental leave is profoundly important. Bringing a baby home is life-changing and paid leave enables parents to recover from childbirth, bond with their baby and adjust to their new life. The caring pattern set in the early years persists over the course of a child’s life so how parents use that time has a huge impact longer term.

It is fantastic to see the Albanese government recognise the case for improving support for children and parents in Australia - but there is more to be done. The Federal government’s commitment to expand paid parental leave from 18 to 26 weeks by 2026 represents overdue and welcome reform that will positively impact children, parents and families.

For 11 years there's been no meaningful change to the policy so increasing the entitlement from 18 to 26 weeks is a significant improvement. But what's even more significant is that the Prime Minister himself has specifically stated this is the baseline - a national minimum standard. This is good news because Australia has a way to go to catch up. In the OECD the average length of paid parental leave available to families is more than 50 weeks.ⁱⁱ Getting to 26 weeks is welcome but we need to go further. Ensuring that some paid parental leave is specifically available to dads represents a big step towards a more gender equal society where work and care can be more equitably shared.

Reforming paid parental leave is one of the key levers in a government's toolkit to influence caring patterns set in homes and families.

By supporting parents to share the responsibilities of caregiving in the first year of a child's life, an equitable paid parental leave policy is a gamechanger for mums, dads and children. It gives parents the ability to truly share the care. Recognising the important role that men can play as caregivers is key to dismantling one very stubborn barrier to women's workforce participation. At the risk of oversimplifying men sharing the load at home, means women can share the load at work.

Increasing paid parental leave to adequate levels enables more women to re-enter the workforce after having children and contribute to the nation's economic growth. Extended paid parental leave will enhance gender equality through the redistribution of unpaid care and increase women's workforce participation. The benefits of paid parental leave are wide-spanning - for children, mums and dads.

Caring patterns set in the first year of a child's life persist so supporting parents to share the care early leads to more equitable division of unpaid and paid work.

Australian dads take less than 20 percent of the parental leave that dads take globally which increases isolation for new mothers and perpetuates the expectation that mums will assume the responsibility for caring. It creates and perpetuates the situation where mums are considered primarily responsible for raising children, while dads are primarily responsible for breadwinning.

Men taking more parental leave is terrific for child development, improves the mental health of mums and the strength of relationships and reduces the 'motherhood penalty'. There are clear benefits from supporting and encouraging men to be active fathers and take on responsibility for the care and wellbeing of their young children. It's good for dads, really important for children and helps bring women and men closer to true equality.

Expanding paid parental leave from 18 to 26 weeks by 2026 is a huge win for children, parents and families - but...

Twenty-six weeks of paid parental leave is much better than 18 weeks ... but is still short of the 50+ weeks that families in the OECD have access to.ⁱⁱⁱ Creating policy -

and shifting attitudes - to ensure mums and dads in Australia have the opportunity to access extended paid parental leave is critical.

More affordable early learning is another part of the challenge: ensuring that every child - regardless of their postcode or their family's socioeconomic status - has access to quality, inclusive early childhood education and care is our ultimate end goal. That's going to take a stack more campaigning!

So will making sure families have access to quality, affordable outside school hours care and to ensure all parents and carers can work in a family friendly environment. These are the policy changes necessary to make Australia the best place in the world to be a parent and raise a child. It's an audacious goal - but it's worth fighting for.

We refuse to believe Australia cannot be world leading in setting children - and families - up to thrive.

Our Recommendations

1. Introduce a six week 'use it or lose it' provision in the 26 week PPL scheme to encourage greater shared caregiving by both parents, and specifically to incentivise men to access PPL;

PPL is one of the “few policy tools available” to governments to directly influence behaviour among parentsⁱⁱⁱ. PPL impacts the start of a child’s life and sets up a pattern for parental involvement and caring that persists^{iv}.

Fathers in Australia take less than 20% of the paternity leave days their global peers take^v and receive just 0.04% of all publicly-provided PPL^{vi}. Because caring patterns that are established in the first year of a child’s life persist, the underutilisation of parental leave among men entrenches stereotypical gender roles. The gap between how mothers and fathers work, care and earn after a baby is more pronounced in Australia than in comparable nations^{vii}.

For heterosexual couples in Australia a mother’s role as dominant carer for a new baby is carried through the child’s first decade and beyond. This is true in almost all heterosexual two-parent families, even where the mother earned more than her partner before the child was born^{viii}. Currently, almost 90% of PPL is taken by women.

Men taking extended PPL enables families to more equitably share the caring responsibilities and unlocks women’s workforce participation. Globally the evidence is strong that men’s uptake of PPL significantly increases when a “use it or lose it” component is introduced. When this occurs, men are also more likely to continue shared care of their children throughout their early years.

In countries where mothers and fathers share PPL to a greater extent than in Australia it leads to greater parental satisfaction for men, improvements in child development and higher economic participation by women. Increasing the number of dads taking extended PPL is a unique opportunity to help achieve gender equality while also supporting child development.

Australia's female workforce participation is peculiarly low, ranked by the World Economic Forum in 2022 as 38th out of 153 nations^{ix}. Of women in Australia aged between 25-40 with young children just 56% participate in paid work^x. Of these 61% work part time, one of the highest rates of part time work of any industrialised country. A 2020 Grattan Institute report found that the most significant financial barrier to women in Australia working more is the high cost of childcare^{xi}. Other factors include inadequate paid parental leave^{xii}, a punitive effective marginal taxation rate for secondary earners^{xiii}, a lack of support for carers in workplaces and prevailing stereotypical gender roles^{xiv}.

Our 2022 research report, [Back Of The Pack - How Australia's Parenting Policies are failing Women and our Economy](#), examines the working patterns of women after they have children in Australia, Canada, Germany and Sweden. Compared to global peers, mums in Australia fall behind in work participation after children and never catch up. This is despite starting at the top of global standings on education levels and working more than women in other countries before having children.

This is explained by an inadequate statutory PPL scheme that promotes 'mothers as primary carers' and 'fathers as primary breadwinners', as well as prohibitively expensive ECEC.

If the average Australian woman had the same workplace participation patterns after having children as the average Swedish woman, she would earn an additional \$696,000 over her working life; and retire with an additional \$180,000 in superannuation^{xv}. Mums in Sweden being able to more consistently participate in paid work after having children is a result of having access to the infrastructure that enables mothers and fathers to equitably and sustainably combine work and care.

In Sweden, caring is more equitably shared due to a generous PPL scheme that openly incentivises fathers to take extended parental leave and universal access to quality childcare. Women are able to more freely participate in paid work while managing their caring responsibilities. Workplaces and communities are more accommodating and accepting of men and women sharing the care.

The benefits from men taking PPL include:

- Improved child development outcomes; engaged fatherhood is linked to positive outcomes for children such as higher school achievement, better

cognitive and social skills, higher self-esteem, fewer behavioural problems and increased stress tolerance^{xvi}.

- Enhanced gender equality in caring roles: The likelihood that fathers will share care when their child is three years old is significantly higher if the father shared care in the first nine months after birth^{xvii}.
- Paternity leave take-up has been linked with improved parental relationships^{xviii}.
- Increased earnings for mothers: In Quebec, the introduction of non transferable paternity leave reserved for men led to mothers earning an additional \$5,000 per year and doing an hour extra of paid work per day^{xix}.

2. Stage further increases to the PPL scheme up to 52 weeks, paid at a replacement wage rate, to be equally shared by both parents;

The benefits associated with PPL for children, parents, government, workplaces and the economy are wide-spanning and The Parenthood commends the expansion introduced in 2022.

Nonetheless by OECD standards Australia lags in the provision of PPL. By 2026 families in Australia will have access to 26 weeks of PPL, which is still below the OECD average of 51 weeks of paid leave^{xx}. The OECD average for paid parental leave at a full-time equivalent pay is 36 weeks, while Australia currently offers 8.6 weeks. Less than 60% of the largest employers in Australia offer any paid parental leave^{xxi}.

Longer PPL has been associated with:

- Benefits for mothers such as a lower employment gap between mothers and non mothers, an increase in the proportion of household income earned by women and a more equitable division of housework, as well as long-term improved maternal mental health^{xxii}.
- Increased rates of breastfeeding until a baby is six months old.
- Enhanced workplace diversity with research showing the low numbers of women in leadership positions in the private sector “can be linked to the uneven distribution of parental leave and care at home”^{xxiii}.

PPL schemes that provide a replacement wage rate, capped at a certain income level, are more effective at encouraging men to take extended parental leave than schemes that provide the minimum wage. This is due to families being less likely to be financially disadvantaged when the leave is paid at a higher rate. Due to the pay gap between men and women, it remains the case that in heterosexual relationships men are more likely to be paid more than women.

The highest rates of PPL utilisation by fathers are in countries with designated

schemes for men that provide high income replacement rate, as well as incentives for fathers to take the leave, for example the Nordic countries and the Canadian Province of Quebec.^{xxiv} Deakin University's Professor Andrew Scott says that, "If the government was serious about genuine parental leave reform, it would extend paid parental leave to six months at a replacement wage".^{xxv}

Increasing the rate of payment will help promote equality between men and women by lifting utilisation rates among fathers.

3. Extend the superannuation guarantee to PPL.

PPL is one of the only types of paid leave for which the superannuation PPL is one of the only types of paid leave for which the superannuation guarantee does not apply. The provision of superannuation in a PPL scheme would deliver improved outcomes for gender equality, thus promoting "equality between men and women", and normalise the taking of PPL to care for children, both of which are objects in the Paid Parental Leave Act 2010.

While women and men work a similar number of total hours each week in Australia, almost two-thirds of the hours worked by women are unpaid care work, which contrasts with just over one-third of hours worked for men^{xxvi}. Women shoulder a significant financial burden when providing care often with little or no payment and at an enormous saving to the government.

The annual value of unpaid care work in Australia is estimated to be approximately \$70 billion^{xxvii}. Currently, 12.3% of all women in Australia identify as a carer, and women represent 7 out of 10 primary carers^{xxviii}. Informal care has, historically, been undertaken mostly by women which has correlated with women's underrepresentation in the paid workforce. As a result older women are at higher risk of retiring in poverty and, on average, accumulate 47% less super than men^{xxix}.

When mothers take time out of the workforce to care for their babies and children, not only do they struggle to maintain a meaningful connection to the workforce, they can go years without receiving any super. This means many women miss out on crucial years of super accumulation while supporting their family. The payment of super on PPL is one important step to enable parents, and mothers in particular, to maintain some retirement savings while on parental leave.

A PPL scheme that includes superannuation will help redress the economic insecurity women experience on account of taking time out of the paid workforce to undertake unpaid care, and normalise PPL as part of the "usual course of life and work for *both* parents".

A world leading PPL scheme would offer 12 months paid leave at a replacement wage rate, with super, to be shared between parents. This would require an investment of an additional \$7.6 billion and lead to:

- A GDP increase of \$116 billion or 2.9 per cent by 2050 from higher female participation and productivity due to less time out of the labour market;
- A 4.6 per cent increase in breastfeeding rates and associated long-term increase in labour productivity.

Conclusion

In summary, the expansion of paid parental leave (PPL) from 18 to 26 weeks by 2026 is a commendable step toward supporting Australian families, but there is still much ground to cover. The recognition of PPL as a critical lever in shaping caring patterns within households is pivotal. The proposal for a six-week 'use it or lose it' provision aims to incentivise shared caregiving and, importantly, encourage greater PPL uptake by fathers. This not only aligns with global trends but also contributes to breaking down gender stereotypes and promoting more equitable work-life balance.

However, the journey doesn't end at 26 weeks. While the increase is a positive move, Australia falls short of the OECD average, and more ambitious targets are needed to truly empower parents. The Parenthood advocates for a phased approach toward a 52-week PPL scheme, paid at a replacement wage rate, equally shared between parents. Such an extended and balanced PPL scheme has far-reaching benefits for children, parents, workplaces, and the economy.

Furthermore, the call to extend the superannuation guarantee to PPL addresses a critical gap in supporting women's economic security. Recognising unpaid care work's enormous value and the gendered impact it has on superannuation, this proposal aligns with the broader goal of achieving equality between men and women in the workforce.

In the pursuit of building a world-leading environment for families, these recommendations, if implemented, can significantly enhance gender equality, workforce participation, and child development. The Parenthood remains committed to championing these reforms and believes that investing in the well-being of families today will undoubtedly yield a prosperous and equitable future for Australia.

We grant permission for this submission to be published and quoted. If you would like to discuss any aspect of our submission further please do not hesitate to contact us.

Kind regards,

Jessica Rudd
Chief Executive Officer of The Parenthood

- ⁱ The Parenthood/Equity Economics, [Making Australia The Best Place In The World To Be a Parent](#), 2021
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- ^v Organisation for Economic Co-Operation and Development. (2019). Information drawn from the OECD family database: <http://www.oecd.org/els/family/database.htm> cited in: van der Gaag, N., Heilman, B., Gupta, T., Nembhard, C., and Barker, G. (2019). State of the World's Fathers: Unlocking the Power of Men's Care. Washington, DC: Promundo-US
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