

Community Affairs Legislation Committee

Public Hearing – 20 February 2023

ANSWER TO QUESTION ON NOTICE

Department of Social Services

Topic: Inquiry into the Paid Parental Leave Amendment (Improvements for Families and Gender Equality) Bill 2022 - Public Hearing - 20 February 2023

Question reference number: IQ23-000014

Question asked by: Marielle Smith

Type of Question: Written. **Hansard Page/s:** N/A

Date set by the Committee for the return of answer: 21 February 2023

Question:

Some submitters called for a reduction, or removal of the work test under the government-funded Paid Parental Leave scheme. What is the rationale for keeping the existing work test threshold, i.e. 10 of the past 13 months before the birth or adoption; and a minimum of 330 hours in that 10 month period?

Answer:

The Paid Parental Leave scheme, including the work test, is closely based on the scheme proposed by the Productivity Commission in their 2009 report, *‘Paid Parental Leave: Support for Parents with Newborn Children’*. The work test proposed by the Productivity Commission supports the objective of increasing women’s workforce participation, while avoiding undesirable outcomes such as a large number of mothers failing the work test because of short birth spacing, or reducing the amount of time they take off work caring for a baby in order to re-qualify for the scheme for a subsequent pregnancy.

The number of hours of qualifying work required in the 10-month period takes account of women with children who are more likely to work part-time hours. The length of work required is flexible to cater for premature births, to allow for some breaks in employment, and to enable employees with more interrupted patterns of work, such as casuals, to qualify. Employer-provided paid leave is counted as qualifying work when calculating work test eligibility.

Community Affairs Legislation Committee

Public Hearing – 20 February 2023

ANSWER TO QUESTION ON NOTICE

Department of Social Services

Topic: Inquiry into the Paid Parental Leave Amendment (Improvements for Families and Gender Equality) Bill 2022 - Public Hearing - 20 February 2023

Question reference number: IQ23-000015

Question asked by: Marielle Smith

Type of Question: Written. **Hansard Page/s:** N/A

Date set by the Committee for the return of answer: 21 February 2023

Question:

Other submitters called for further work test changes to allow more Australian workers to qualify for the scheme, such as PhD students or workers on casual, temporary or fixed term contracts. Why are these workers precluded from the scheme, even under the proposed amendments?

Answer:

The work test is applied equally to all people who submit a claim for Parental Leave Pay. Workers on casual, temporary or fixed term contracts may meet the work test, including if they have a break between working days of up to 12 weeks. The hours of work performed do not have to be with the same employer.

The Paid Parental Leave scheme is intended to support working parents who have demonstrated an attachment to the workforce. Should a PhD student undertake paid work in addition to their studies, such as tutoring at a university, this could count towards the work test.

Community Affairs Legislation Committee

Public Hearing – 20 February 2023

ANSWER TO QUESTION ON NOTICE

Department of Social Services

Topic: Inquiry into the Paid Parental Leave Amendment (Improvements for Families and Gender Equality) Bill 2022 - Public Hearing - 20 February 2023

Question reference number: IQ23-000016

Question asked by: Marielle Smith

Type of Question: Written. **Hansard Page/s:** N/A

Date set by the Committee for the return of answer: 21 February 2023

Question:

Some submitters proposed that increasing the rate of the parental leave payment would more effectively incentivise fathers and partners to share care. Were changes to the rate of payment considered in the development of this bill and will this be considered in the future?

Answer:

The Paid Parental Leave scheme is closely based on the scheme proposed by the Productivity Commission, in its 2009 inquiry report, *Paid Parental Leave: Support for Parents with Newborn Children*. The Productivity Commission recommended that eligible parents be paid at a rate based on the national minimum wage, rather than at a rate based on previous earnings.

In making this recommendation the Productivity Commission balanced considerations about the cost of the scheme to taxpayers, and the recognition that higher-earning parents are more likely to have better access to resources to take leave without support from the government.

As result of the removal of Dad and Partner Pay, one of the key features of the Bill is the ability for fathers and partners to access Parental Leave Pay in conjunction with paid leave from their employer.