

Senator the Hon. Katy Gallagher
Minister for Women
PO Box 6100
Senate
Parliament House
Canberra ACT 2600

9 June 2023

Dear Minister

RE: WOMEN'S ECONOMIC EQUALITY TASKFORCE ADVICE ON 26-WEEK PAID PARENTAL LEAVE SCHEME

Thank you for the opportunity to provide advice on the Government's reform to the Paid Parental Leave (PPL) scheme, and Minister Rishworth's invitation to contribute to the Senate Inquiry into the potential impacts of the Commonwealth Paid Parental Leave Scheme on small businesses and their employees.

Short term policy settings for a 26 week Paid Parental Leave Scheme

The Women's Economic Equality Taskforce has considered a range of inputs to inform this advice, including broad consultation across member networks, briefings from relevant government departments, and the commissioning of research from Professor Marian Baird and Associate Professor Elizabeth Hill, University of Sydney.

A strong principle of our work has been to ensure that reforms maximise and support women's economic equality and work to sustainably shift gender norms that currently result in a disproportionate unpaid care load and career disruption for women. Specifically in relation to reform to Australia's Paid Parental Leave scheme, we believe that it is important to ensure that there are incentives that will drive an increase in men's uptake of Paid Parental Leave and care in the early years. The evidence is clear that this is crucial to driving gender equality in Australia. However, consistent with the advice received from Professor Baird and Professor Hill, a 26-week PPL scheme does not allow enough time to quarantine a reserved period of leave for solo care by fathers/partners. This should be prioritised under a future 52-week scheme.

In providing our advice, we note the current fiscal constraints, and the limitations of the existing funding envelope for the Paid Parental Leave scheme as outlined in Budget Paper 2 (October 2022-23) of \$531.6 million over four years and \$619.3 million per year ongoing thereafter. Our proposed settings seek to deliver the greatest impact for families and gender equality possible within the Government's existing assumptions and cost modelling which sees Paid Parental Leave paid at minimum wage and taken within the first two years of a child's life.

While we retain strong expectations to see a much more generous and holistic Paid Parental Leave scheme introduced in Australia to meet international best practice and truly deliver on the Government's own ambitions for gender equality, we recognise that short term policy settings must be finalised to enable legislation for the current scheme to be introduced for commencement in 2024.

There are members of the Taskforce which support an extension of PPL to 52-weeks. We therefore recommend that the government evaluate the benefits and impacts of such an extension. This would consider the issues such as the economic costs and benefits, the impact on small business, and the career progression of women out of the workforce for 12-months, particularly when there remains a disparity in caring responsibilities. Our final report will detail the critical design elements of a long term and best practice 52-week Paid Parental Leave scheme for Australia.

The Taskforce's advice for a 26-week scheme is supported by the recommendations from Professor Hill and Professor Baird's research. Our proposal allocates parent A and parent B with 4-weeks of reserved leave each and 18-weeks of unreserved leave to be used by either parent A or B. Our assumption that is supported by the research is that women will take most, if not all the 18-weeks, and reserved leave for fathers/partners sends important signals about the importance of fathers as care givers too. Parents can also choose to take up to 4-weeks of the total 26-week allocation concurrently. The research identified concurrency, especially around the time of birth of a new baby as very important for new parents.

Proposed policy settings

Total PPL	Parent A – Reserved Leave	Parent B – Reserved Leave	Unreserved Leave
26 weeks (130 days)	4 weeks (20 days)	4 weeks (20 days)	18 weeks (90 days)
Up to 4 weeks (20 days) of the 26 weeks (130 days) leave can be used concurrently.			

The Government has committed to increasing the Paid Parental Leave scheme by two weeks annually until it reaches 26 weeks in 2026. Our strong advice is this timeframe is fast tracked to maximise the impacts for women's economic participation and ensure a better alignment in the gendered distribution of paid and unpaid work and care which will lead to increased workforce participation, higher incomes, career progression and wealth for women, and will help to close the gender pay gap, ultimately driving a stronger, and more inclusive and fair Australian economy.

Senate Inquiry into the potential impacts of the Commonwealth Paid Parental Leave Scheme on small businesses and their employees.

We welcome the invitation to provide input into the Senate Inquiry being conducted by the Education and Employment References Committee and note the following additional considerations.

Our advice in this letter makes no changes to the administration of the scheme for employers. In fact, the reformed scheme should be seen as an opportunity for employers to attract and retain talented working parents through inclusive and family friendly workplace cultures and conditions in a tight labour market. However, in the context of the inquiry, consideration should be given on how to reduce compliance costs for small business in the administration of the scheme and measures to better preserve the relationship between employers and employees on parental leave.

Paid Parental Leave is widely recognised as a necessary component in shifting gender norms about the balance of work and care within families to achieve gender equality. Australia needs our best talent in paid and secure work to maximise the strength of our economy, and the Taskforce has consistently recommended, this requires genuine opportunities for women to participate fully in the economy.

It has been concerning to see some suggestions that employers might actively discriminate against working age women on the basis that they might seek to take an additional six weeks of paid parental leave. The Sex Discrimination Act 1984 prohibits discrimination on the grounds of sex, gender identity, sexual orientation, and intersex status in many areas of public life, including employment,

education and in the provision of goods, services, and facilities. Any such behaviour from employers should be actively discouraged and sanctioned.

Further, there are significant benefits and opportunities for employers in administering PPL payments, especially for employers who do not provide any employer funded parental leave – such as the ability to maintain contact and connection with employees on parental leave. This connection is of significant benefit to both parties and is consistent with the legislative framework which emphasises the maintenance of the employment relationship, including through keeping in touch days and the return-to-work guarantee.

A fairer and more generous Paid Parental Leave scheme is a critical pillar of building a sophisticated, fit for purpose economy driving equality in Australia. The short-term policy settings outlined in this letter would implement the first steps of a revived and world class 52-week scheme that we will detail in our final report.

We look forward to providing you with our ambitious roadmap for a decade of repair, reform and renewal and would welcome the opportunity to meet with you or your offices to discuss the matters in this letter. We also extend this offer to the Education and Employment References Committee.

Women's Economic Equality Taskforce

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