

BCA

Business Council of Australia

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

Submission to the Senate
Standing Committee on
Community Affairs

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Overview

The Business Council of Australia (BCA) has long called for reform to the Paid Parental Leave (PPL) system.

The BCA welcomes the Government's expansion of the PPL system as it will bring more equity and flexibility to caregiving roles.

Equal sharing of the caring roles of parents from when a child is born, is essential for long term societal behaviour change to achieve greater equal participation of women in the workforce.

This will boost the economy, lift productivity, and importantly improve the long term economic outcomes for women.

Recent work by Deloitte Access Economics has quantified the economic impact of breaking down the structural barriers that are impacting women in their jobs, careers, savings and capacity to accumulate assets and wealth.

Deloitte found that removing structural barriers and addressing social norms could lead to a potential economic uplift of \$128 billion per annum to the Australian economy. This translates to an additional \$12,000 per household in Australia per year, generated by the bigger economy. It could also result an additional 461,000 people added to our labour force on a full-time equivalent basis every year for the next 50 years.¹

For this reason, the BCA developed a proposed model for the increased sharing of the PPL extension to 26 weeks. It evenly shared the increased PPL, providing the greater equity in the system to address one of the key structural barriers for women returning to the workforce.

Key recommendations

1. The BCA recommends that the Senate Committee consider the BCA PPL model because it enshrines, for the first time, equal sharing of leave between parents. The model's design features meet the Government's objectives as set out in the PPL legislation but are even more geared to achieving equity of care and is a simpler model for parents to understand
2. If the Committee does not support the BCA model, then the BCA acknowledges the value of the government proposal and the Committee should accept this structure.
3. Government will need to continue to promote a more equitable distribution of PPL. This should include ongoing monitoring of take-up rates among partners allowing for evidence-based adjustments to be made in the future.

Key points

Women's workforce participation nationally lags below that of men and is therefore an area where substantial gains can be made. It is arguably a more urgent task given that population growth is expected to slow over time and the contribution of productivity to growth remains weak.

Our economic growth, competitive advantage, and future prosperity rests on our capacity to address workforce participation issues. Increasing the workforce participation of women is one of our nation's biggest economic and social opportunities. Equally, ensuring we are maximising our talent and empowering women to advance in the workforce will be central to our nation's success.

¹ Deloitte Access Economics in partnership with Australians Investing in Women 2022, *Breaking the norm Unleashing Australia's economic potential*, November, p. vii.

We have an extraordinary opportunity to make smart investments that remove structural barriers for women who wish to fully participate in the paid workforce thereby unlocking greater productivity in the Australian economy. Never has it been more important to ensure that every person in Australia who can work is working. Therefore, increasing women’s participation in the workforce is essential.

It is a longstanding policy of the BCA that a future PPL system should embed design features that promote a more equitable distribution of care in the longer term. That is because a system that enables and incentivises both parents to share responsibility for caring will help shift traditional cultural and gender norms and see more women participating in the workforce and able to advance in their professions.

Many large companies have already taken steps to expand their paid parental leave offering up to six months parental leave to either parent and removed the requirement for the claimant to be the primary carer.

Companies report that their progressive policies are paying dividends in the hunt for global talent. These more gender-neutral policy settings have enabled companies to recruit and retain the best and brightest. Importantly it recognises the needs of the modern family and equalises the role of both parents.

The BCA notes the Government’s objectives in expanding the PPL model which are contained in the *Paid Parental Leave Act 2010* (referred to below) include:

- Signal that taking time out of the paid workforce to care for a child is part of the usual course of life and work for both parents;
- Allow carers to take time off work to care for the child after the child’s birth or adoption;
- Enhance the health and development of birth parents and children;
- Encourage women to continue to participate in the workforce;
- Create further opportunities for fathers and partners to bond with their child and take a greater share of caring responsibilities; and
- Promote equality within the family unit and balance between work and family life.

While supporting the design features of the PPL expansion contained in the Bill, the BCA has previously proposed a model that also fulfills the objectives outlined above.

The BCA’s model design features are detailed below:

	Reserved Parent A	Reserved Parent B	Shared portion	Total leave
2023	2 weeks	2 weeks	16 weeks	20 weeks
2024	3 weeks	3 weeks	16 weeks	22 weeks
2025	4 weeks	4 weeks	16 weeks	24 weeks
2026	5 weeks	5 weeks	16 weeks	26 weeks

The Government’s model is as follows with the key difference being the BCA model being that the increased week allocated to parent which helps reinforce the equity of care.

	Reserved Parent A	Reserved Parent B	Shared portion	Total leave
2023	2 weeks	2 weeks	16 weeks	20 weeks
2024	2 weeks	2 weeks	18 weeks	22 weeks
2025	3 weeks	3 weeks	18 weeks	24 weeks
2026	4 weeks	4 weeks	18 weeks	26 weeks

The BCA commends the government’s extensions to PPL, removal of distinctions between primary and secondary carer and making it administratively easier for parents to share leave.

In relation to the Bill, the BCA notes that ensuring that PPL is shared equally between parents will be critical and will require monitoring to ensure Government is achieving the objective of shared caring responsibilities that results in more women participating in the workforce and able to advance in their professions.

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