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Committee Secretary
Senate Standing Committees on Community Affairs
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Inquiry into the provisions of the Paid Parental Leave Amendment (Improvements for Families and Gender Equality) Bill 2022

Dear Committee Secretary,

Thank you for the opportunity to provide a submission in response to the *Paid Parental Leave Amendment (Improvements for Families and Gender Equality) Bill 2022*.

Diversity Council Australia (DCA) is the independent not-for-profit peak body leading diversity and inclusion in the workplace. We have a wealth of experience providing advice to our members on the business benefits of diversity and inclusion. We have over 1,100 member organisations, reaching more than 20% of the Australian labour market.

Parental leave is an issue of significant interest to DCA and our member organisations. It has benefits for families, employees, and business, and is a key enabler for gender equality and women's workforce participation. DCA welcomes the introduction of this Bill and commends the government for taking action in this area.

Please feel free to contact myself or Cathy Brown, Director of Communications and Advocacy, on 0424 578 698 or advocacy@dca.org.au, you require any further information about this matter.

Yours sincerely

Lisa Annese
Chief Executive Officer

CONTENTS

1. BACKGROUND	5
2. RESPONSE TO THE BILL	9
3. CONCLUSION AND RECOMMENDATIONS	11
4. ENDNOTES.....	12



ABOUT DIVERSITY COUNCIL AUSTRALIA

Who we are

Diversity Council Australia (DCA) is the independent not-for-profit peak body leading diversity and inclusion in the workplace. We provide unique research, inspiring events and programs, curated resources and expert advice across all diversity dimensions to a community of member organisations.

DCA's Membership represents over 20% of the Australian workforce

DCA's prestigious group of over 1,100 members is drawn from business and workplace diversity leaders and includes some of Australia's biggest employers. Our membership reaches over **20%** of the Australian labour market.

About our members

1,100 member organisations, including almost 40 ASX100 Listed companies.

Our members are drawn from across the corporate, government and not-for-profit sectors and vary from small to large workforces in size.

Our founding members include ANZ, AMP, BHP, Boral, Coles, IBM Australia, Myer, Orica, Rio Tinto and Westpac.

DCA's Members are listed on our website here: <https://www.dca.org.au/membership/current-dca-members>.

Our belief, vision and mission

- Our belief is that diversity and inclusion is good for people and business.
- Our vision is to create a more diverse and inclusive Australia.
- Our mission is to encourage and enable Australian organisations to create diverse and inclusive workplaces.

What we do

DCA, formerly known as the Council for Equal Opportunity in Employment Ltd, was established in 1985 as a joint initiative of the Australian Chamber of Commerce and Industry and the Business Council of Australia to demonstrate the business community's commitment to equal opportunity for women.

Our focus since then has expanded to cover all aspects of diversity in employment, reflecting changes in practice to embrace all areas of the diversity of human resources.

DCA is not government funded - its income is generated from membership fees, sponsorships and services to business/employers.



Our Research

DCA works in partnership with members to generate ground-breaking evidence-based diversity and inclusion resources that enables Australian organisations to fully leverage the benefits of a diverse talent pool.

DCA research is grounded in the contributions of people with lived experience. DCA projects use expert panels, focus groups, think tanks and surveys to make people with lived experience central to the project findings.

DCA resources are ahead of the curve. They establish leading diversity thinking and practice, enabling Australian organisations to re-imagine and reconfigure the way they manage talent in today's dynamic operating environments.

DCA resources drive business improvement. They are high impact, driving business improvement through providing evidence-based guidance on how to fully leverage the benefits of a diverse talent pool.

DCA resources are practice focused. They respond to the information needs of industry leaders and the people they employ.

DCA resources speak to the Australian context. DCA projects generate leading diversity thinking and practice that speaks to Australia's unique and distinctive institutional, cultural and legal frameworks.

DCA resources considers all diversity dimensions. The full spectrum of diversity dimensions are investigated including age, caring responsibilities, cultural background and identity, disability, Aboriginal and/or Torres Strait Islander status, sexual orientation, gender identity, intersex status, social class and work organisation.

POSITIONING

The importance of taking an intersectional approach

Intersectionality refers to the ways in which different aspects of a person's identity can expose them to overlapping forms of discrimination and marginalisation. It is therefore critical when drafting and implementing parental leave policy that legislators, policymakers and those implementing such policies, understand intersectionality, and take an intersectional approach to implementing such policies.

Explanatory note on language

DCA is committed to inclusive language at work – that is, language that is respectful, accurate, and relevant in the workplace. At the same time, we know that what constitutes inclusive language is an evolving discussion and one characterised by multiple views.

DCA recognises that gender does not only exist in binary categories and that many people do not identify or fit comfortably with these labels. We acknowledge that there are people whose experiences and identities cannot be captured by this binary language.

At DCA we aim to use language that includes, and addresses marginalisation of, all genders where possible.

However, this submission sometimes uses binary language. This occurs because using binary language is sometimes necessary to convey the gendered nature and dynamics of society, and the very real effects these categories can have on people's lives.



1. BACKGROUND

DCA welcomes the opportunity to make this submission. DCA has previously called for [parental leave reform](#), encouraging the government to support a government-funded parental leave scheme that:

- Is flexible,
- Is gender-neutral,
- Promotes shared care, i.e., it does not distinguish between 'primary' and 'secondary' carers,
- Encourages shared care through 'use it or lose it' provisions to encourage men to take leave instead of transferring it to their partner, and
- Attracts the superannuation guarantee.

Flexible parental leave

Flexible parental leave policies empower parents to take paid parental leave in a manner that best suits their circumstances. Paid parental leave that is flexible in application includes letting employees take leave at any point during the first few years of a child entering the family and/or enabling parents to take leave in single chunk or by working part-time for a set period, taking it together or separately.

At the same time, it is important to recognise that parental leave policies play an important role in maternal and child health, and while we support not being prescriptive about how and when parental leave is taken, we strongly recommend that policy makers follow health advice around the minimum period for recovery for employees who have given birth, and to support breastfeeding.

There is strong evidence to show that providing paid leave to mothers after the birth of a child has significant benefits for maternal and child health.¹ For example, adequate paid leave can lead to lower infant mortality rates, decreasing postpartum depression, improving maternal mental health, and improving child health through increasing breastfeeding rates.²

The World Health Organisation recommends that infants are exclusively breastfed for the first six months of their lives.³ Further, the *Australian National Breastfeeding Strategy: 2019 and Beyond* affirms this recommendation, and states that breastfeeding benefits mothers, children, and society and the environment.

Gender-neutral leave and shared care

Shared care, gender-neutral parental leave is inclusive for men, women and LGBTIQ+ people, and better reflects the reality of work and care arrangement for many working families.

The economic case

Parental leave is important for economic development.⁴ More gender-equal parental leave can boost economic activity through increasing women's workforce participation. The international evidence suggests that more generous gender-equal leave for both parents increases workforce participation for mothers, and reduces it for fathers, with a net overall increase of hours in paid work.⁵ Further, researchers have linked fathers' use of leave with increased earnings for the mother,⁶ reduced absenteeism due to sickness for mothers,⁷ and higher female employment in private firms.⁸

Australian women rank highest in the world for education attainment, yet we are lagging behind when it comes to women's workforce participation. It is estimate that if female workforce participation were equal to that of males, this could GDP by 8.7 percent or \$353 billion by 2050.⁹

The child development case

Children also stand to benefit from more shared care. Father's use of parental leave is linked to a mother's decision to breastfeed, and when fathers take parental leave children benefit from better relationships with their fathers. Children also experience the benefits of higher household income when both parents work, and therefore have increased access to better health services and education.¹⁰

'Use it or lose it' provisions

DCA supports 'use it or lose it' provisions in parental leave pay, as these provisions encourage men to take leave instead of transferring the leave to their partners. However, men still experience barriers and disincentives to taking leave that must be addressed if they use it or lose it provisions are to promote more gender-equal care. They low take up of 'Dad and partner pay' by men compared to the take up of parental leave pay by women suggests that two weeks at minimum wage is an inadequate incentive for men to take leave at the same rate that women do.¹¹

There are a number of things that may incentivise more men to access their 'use it or lose it' portion. Making parental leave more flexible, which we are glad to see the government is doing in this bill, may help encourage more men to take leave.

Increasing the length of the non-transferable portion of parental leave pay may also encourage more men to take leave. International examples show that longer periods of 'use it or lose it' leave increase the number of men taking leave. For example, Iceland's move to extend leave periods for both parents and drastically cut transferable leave has led more fathers taking more leave in the first few months of becoming parents.¹²

DCA welcomes the government's announcement that parental leave pay will increase to 26 weeks total by 2026, and we encourage the government to also increase the length of "use it or lose it" leave. We understand that the Women's Economic Equality Taskforce will be examining the optimal model for the 26 weeks, and DCA would appreciate the opportunity to be part of these discussions.

RECOMMENDATION 1: As the total length of leave increases, the length of "use it or lose it" leave should be increased to encourage more fathers to take more leave.

Bonus Leave

In order to encourage parents to share parental leave more equally, the government should also consider incentives such as additional weeks of bonus leave if both partners share the paid leave more equally.¹³

RECOMMENDATION 2: The government should consider bonus leave if both partners use their "use it or lose it" leave.



What's missing?

DCA welcomes the introduction of this bill, and the government's announcement to increase the number weeks to 26 from 2026. While this bill is a step in the right direction, there is still a long way to go before Australia's parental leave scheme is world-leading, equitable, and supportive of all families.

Australia lags behind the OECD average

Australia significantly lags behind the OECD average when it comes to both the length of paid leave available, and public expenditure. The OECD average is 53 weeks for mothers and 8 weeks dedicated leave for fathers. Australia's public expenditure on paid parental leave is significantly less than the OECD average of US \$12,000 per live birth.¹⁴

There are large disparities in access to paid parental leave

Australia's paid parental leave scheme was designed to be topped up by employer contributions. This reliance means that there are enormous discrepancies in what workers are able to access. While workers in leading practice organisations may be able to access 26 weeks of employer-paid leave, some workers have no access to employer-funded leave.

And while 3 in 5 employers offer employer-paid parental leave, access to employer-paid parental leave is highly dependent on the size and industry of the employer.¹⁵ Employers in male-dominated industries are much less likely to offer paid leave than employers in female-dominated industries.

Further, in many cases casual, contract, and workers in other insecure employment arrangements are ineligible for their employer's paid parental leave. This means that many workers miss out.

Superannuation

On average, women retire with 25% less superannuation than men.¹⁶ Because women take more than 90% of primary carer's leave, the lack of superannuation payment on parental leave is contributing to this gap.¹⁷

RECOMMENDATION 3: Commonwealth parental leave pay should attract the superannuation guarantee.

Encouraging and enabling men to take parental leave

The mere availability of leave is not enough to encourage more men to take parental leave, and further action should be taken to break down the barriers that discourage men from taking more parental leave. Research also shows that men who take parental leave face discrimination and negative attitudes.¹⁸ Many men also report that workplace culture can discourage them from taking leave.¹⁹ Social norms revolving around the "ideal worker" or male breadwinner are also barriers to men taking more parental leave and taking time away from paid work to care for a child may not be seen as 'masculine' in Australian culture.²⁰

Therefore, for the government's parental leave scheme to reach its aims of allowing fathers more time to care for their children in the early days, helping parents share the care more equally, and promoting women's economic equality, work is also needed to address attitudes and cultural barriers.



We would therefore like to see a commitment to addressing stigma and normalising men taking parental leave to be actively involved in their children's lives, which [our research shows](#) they benefit from.

RECOMMENDATION 4: That parental leave reform is backed up by initiatives to break down the stigma and encourage men to take more parental leave.



2. RESPONSE TO THE BILL

DCA supports the amendments proposed *Paid Parental Leave Amendment (Improvements for Families and Gender Equality) Bill 2022* and commends the government for taking action on this issue.

We support the following changes to Australia's parental leave scheme:

1. *Extend parental leave pay from 18 weeks to 20 weeks from 1 July 2023, with two weeks reserved on a 'use it or lose it' basis for each claimant. Parents who are single at the time of their claim will be able to access the full 20 weeks. This extension is a result of combining the current maximum of 18 weeks of parental leave pay with the current 2 weeks of dad and partner pay. Dad and partner pay will be abolished.*

DCA supports the extension from 18 weeks to 20 weeks, and the implementation of a two-week "use it or lose it" portion.

DCA supports "use it or lose it" provisions in parental leave pay, as these provisions encourage men to take leave instead of transferring the leave to their partners.

DCA also supports the government's announcement that parental leave pay will increase to 26 weeks total by 2026.

DCA also supports the change to enable single parents access to the full 20 weeks.

This is a significant support for single parents, who are overwhelmingly (81%) mothers.²¹

DCA supports the removal of 'Dad and partner pay'.

Research shows that 'Dad and partner pay' has had a limited effect on improving gender equality.²² Further, it is suggested that short periods of secondary carer's leave characterises fathers as "supporters", rather than fully involved in the care of their children.²³

2. *Remove the notion of 'primary', 'secondary' and 'tertiary' claimants and the requirement that the primary claimants of parental leave pay must be the birth parent, allowing families to decide who will claim first and how they will share the entitlement. The permission requirements applying to claims other than by the birth parent in Division 2 of Part 2-4 of the Paid Parental Leave Act will be revised accordingly, including distinguishing between permission to make a claim and permission to claim days.*

DCA supports the removal of 'primary', 'secondary' and 'tertiary', designations and supports a shared care, gender-neutral approach to parental leave.

Shared care, gender-neutral parental leave is inclusive for men, women and LGBTIQ+ people, and better reflects the reality of work and care arrangement for many working families.

This change also aligns with leading practice employer-paid parental leave schemes. An increasing number of employers are moving to offering leave to all new parents, irrespective of their gender identity and without distinguishing between 'primary' and 'secondary' carers.



- 3. Make paid parental leave consist only of flexible PPL days, allowing claimants to take the payment in multiple blocks, as small as a day at a time, within two years of the birth or adoption, and remove the requirement to not return to work in order to be eligible.*

DCA supports allowing claimants to take the payment in multiple blocks, as small as a day at a time, within two years of the birth or adoption.

Flexibility is an important aspect of leading practice parental leave schemes and allows parents to take parental leave in a way that suits their individual needs.

DCA supports removing the requirement to not return to work.

This will allow parents to combine work and care in a way that suits their individual circumstances and will enable labour market attachment.

- 4. Introduce a \$350,000 family income limit, under which families can be assessed if they do not meet the individual income test.*

DCA supports the introduction of a \$350,000 family income limit.

This change supports gender equality addresses the issue with the current scheme, which is based on the expectation that the primary carer is the lower income earner in the relationship. This will help remove gendered inequities in the current income test.

- 5. Expand eligibility to allow an eligible father or partner to receive parental leave pay regardless of whether the birth parent meets the income test, residency requirements or is serving a newly arrived resident's waiting period.*

DCA supports expanding eligibility to allow an eligible father or partner to receive parental leave pay regardless of whether the birth parent meets the income test, residency requirements or is serving a newly arrived resident's waiting period.

This change supports the aim of the bill to make parental leave more accessible, more flexible and gender-neutral.



3. CONCLUSION AND RECOMMENDATIONS

Thank for opportunity to provide a submission in response to this bill. DCA supports the amendments proposed in the *Paid Parental Leave Amendment (Improvements for Families and Gender Equality) Bill 2022* and commends the government for taking action on this issue.

DCA supports:

- the extension from 18 weeks to 20 weeks, and the implementation of a two-week “use it or lose it” portion.
- the government’s announcement that parental leave pay will increase to 26 weeks total by 2026.
- the change to enable single parents access to the full 20 weeks.
- the removal of Dad and partner pay.
- the removal of ‘primary’, ‘secondary’ and ‘tertiary’, designations and supports a shared care, gender-neutral approach to parental leave.
- allowing claimants to take the payment in multiple blocks, as small as a day at a time, within two years of the birth or adoption.
- removing the requirement to not return to work.
- the introduction of a \$350,000 family income limit.
- expanding eligibility to allow an eligible father or partner to receive parental leave pay regardless of whether the birth parent meets the income test, residency requirements or is serving a newly arrived resident’s waiting period.

DCA makes the following recommendations:

RECOMMENDATION 1: As the total length of leave increases, the length of “use it or lose it” leave should be increased to encourage more fathers to take more leave.

RECOMMENDATION 2: The government should consider bonus leave if both partners use their “use it or lose it” leave.

RECOMMENDATION 3: Commonwealth parental leave pay should attract the superannuation guarantee.

RECOMMENDATION 4: That parental leave reform is backed up by initiatives to break down the stigma and encourage men to take more parental leave.

4. ENDNOTES

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