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# **SUBMISSION INQUIRY INTO THE *FAIRER PAID PARENTAL LEAVE BILL* 2016**

**SENATE STANDING COMMITTEE ON  
COMMUNITY AFFAIRS LEGISLATION**

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## INTRODUCTION

International Women's Development Agency (IWDA) is the leading Australian agency entirely focussed on women's rights and gender equality in the Asia Pacific region. Our vision is gender equality for all and our purpose is to advance and protect the rights of diverse women and girls. As a women's rights organisation that has worked in Australia for over 30 years, representing a constituency of over 55,000 supporters, we are deeply concerned by the changes being proposed to the *Paid Parental Leave Act 2010*.

IWDA promotes changes in policy and practice towards gender equality and full realisation of women's rights. This includes the right of women to have equal power and opportunity to make and act on economic decisions, and share in economic benefit. Our work challenges discriminatory structures, policies, norms and behaviours that perpetuate gender inequality. The dismantling of Paid Parental Leave (PPL) entitlements threatens the equality of working parents in Australia, in an economic system that already routinely disadvantages women.

We believe the proposed changes to the Australian PPL scheme are unjust and unsustainable. Our submission is based on government subsidised PPL as an essential policy lever to ensure the following:

- Australian women's ability to work and participate in the formal economy
- A strong Australian economy
- Australia's international reputation and reporting obligations on women's rights

## PAID PARENTAL LEAVE IS FUNDAMENTAL TO WOMEN'S RIGHTS AS WORKERS

With women continuing to perform the majority of Australia's unpaid caring work, creating workplaces that support women and men to share caring responsibilities and balance paid work is crucial to achieving gender equality. Employment rights that allow parents to balance work and family responsibilities have been key drivers in providing women with greater access to work and an independent source of income. In this way, PPL is a fundamental enabler for women to work and participate in the formal economy. The current PPL scheme provides employees with 18 weeks of leave funded by the Government at the minimum wage, and was launched with the intention that the employer will also contribute further leave entitlements.

Rather than being so-called 'double dipping,' this scheme promotes economic equality and gives women and employers an opportunity to negotiate the best outcomes for work and family. Most importantly, it also values caring responsibilities and promotes equality for all parents in the workforce, particularly women who are disproportionately primary care givers, enabling them to choose to spend as much time as possible at home with their child without the stress of financial hardship.

The gender pay gap – which has remained largely unchanged in over 20 years - is compounded when women leave the workforce to have children. Inability to access Government PPL along with employer contributions will result in more women returning to work due to financial necessity when their child is only a few months old.

The structures, norms and behaviours that still set women as the primary carers of children (and as unpaid primary carers in general), means new mothers will be forced to return to work while still caring for and often breastfeeding an infant. Both the World Health Organisation and the Commonwealth Department of Health recommend six months (26 weeks) of exclusive breastfeeding wherever possible, which is most easily achieved on leave. The proposed amendments will place many women in a position where they are

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forced to choose between returning to work before they are ready and incurring additional childcare costs, or being forced to take unpaid leave and losing thousands of dollars in income.

Given the competing demands of balancing caring and employment responsibilities, women who do return to work are often forced into low-paid, low-status part-time roles, compounding a situation that already sees only 40.7% of women in the Australian workforce in full-time employment, compared to 69% of men.<sup>1</sup> Inability to access full-time flexible work can also impact on women's future career opportunities and decrease opportunities for women to advance into leadership positions. Currently only 16.3% of CEOs and 28.5% of senior managers in the Australian workforce are women.<sup>2</sup>

The current PPL scheme, in setting a minimum standard of 18 weeks as a starting point which can then be supplemented by employers, is a small but significant step towards recognising women's rights as workers, closing the ever-present gender pay gap, and removing barriers to women's economic participation. The proposed amendments to PPL will only serve to reinforce the structural barriers to women's full participation and further devalue women's economic contribution.

## **PAID PARENTAL LEAVE IS ESSENTIAL TO THE AUSTRALIAN ECONOMY**

The proposed amendments have been described by the Federal Government as a measure to improve women's workforce participation. In actual fact, dismantling of PPL is likely to increase women's underemployment in the Australian workforce, by limiting their options for a return to full and well-paid work. The Grattan Institute estimates that if Australia's female participation rate reached that of Canada – a country that is economically and culturally similar - GDP would be a permanent \$25 billion higher.<sup>3</sup> By way of comparison, Canada offers mothers a total of 52 weeks paid parental leave.<sup>4</sup>

The current scheme helps to normalise PPL in the workplace and promotes PPL as a shared responsibility between the Government and employers, encouraging employers to develop their own scheme to attract and retain employees. As an employer, IWDA recognises the important contribution of parents in our community and workplaces and is committed to supporting parents in their return to the work. Like many organisations, IWDA views subsidising the Government's PPL scheme with our own employer-paid contributions as an essential component of human resource management practice required to recruit and retain highly-skilled workers.

The proposed amendments would place the burden on the business community to cover the entire period of leave should they hope to retain workers with the same benefit. There is a risk that this will increase the perception that pregnant women and mothers are a business risk for employers; further entrenching gender stereotypes. The changes may also signal to business that 18 weeks leave is sufficient, creating a disincentive to maintain their own PPL programs. By encouraging mothers to return to work prematurely, this policy change has the potential to negatively impact workplace productivity through unexpected absenteeism and turnover.

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<sup>1</sup> Workplace Gender Equality Agency *Australia's Gender Equality Scorecard: Key findings from the Workplace Gender Equality Agency's 2015-16 reporting data* November 2016

<https://www.wgea.gov.au/sites/default/files/2015-16-gender-equality-scorecard.pdf>

<sup>2</sup> Ibid

<sup>3</sup> Grattan Institute *A case for boosting the female workforce* February 2013

[http://grattan.edu.au/wp-content/uploads/2013/02/190\\_daley\\_oped\\_charter\\_austperspectives.pdf](http://grattan.edu.au/wp-content/uploads/2013/02/190_daley_oped_charter_austperspectives.pdf)

<sup>4</sup> OECD Family Database *Parental Leave Systems* April 2015

[http://www.oecd.org/els/soc/PF2\\_1\\_Parental\\_leave\\_systems.pdf](http://www.oecd.org/els/soc/PF2_1_Parental_leave_systems.pdf)

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It is acknowledged that a portion of the female workforce do not have access to employer funded PPL. This should, however, be seen as an opportunity to encourage all Australian employers to introduce some level of employer funding to support parental leave, not as an opportunity to remove the entitlement from those employees who currently receive it. Australia should be aspiring to protect the role of women at work and can do so by working in partnership with business to promote a culture of respect and support for mothers.

Removing the Government-funded contribution to PPL will undo the progress that's been made between Government and business in encouraging a culture where workers are valued as parents, resulting in lost incentives for employers to attract and retain a skilled female workforce. Without the full participation of female workers, who make up 46% of the Australian workforce,<sup>5</sup> the economy stands to lose billions.

## **DISMANTLING OF PAID PARENTAL LEAVE WILL DAMAGE AUSTRALIA'S INTERNATIONAL REPUTATION**

Paid parental leave is a fundamental enabler of women's ability to participate fully in the formal economy, and is therefore essential to women's human rights. According to the latest World Economic Forum data, Australia has dropped to number 46 of 144 states ranked on key gender equality markers, putting us behind countries like Canada, Jamaica, Laos, Nicaragua, the Philippines, South Africa, the UK and the US.<sup>6</sup> This poor ranking is compounded when we consider Australia's current PPL scheme is one of the least generous in the world. Of the 34 OECD countries, 33 offer paid parental leave schemes. The OECD's most recent report on PPL ranks Australia's current PPL scheme as the third lowest in the OECD, with only Portugal and the USA having lesser entitlements.<sup>7</sup>

This is particularly detrimental considering Australia's new reporting obligations under the [Global Goals for Sustainable Development \(SDGs\)](#). The importance of gender equality and women's empowerment for sustainable development is recognised both in a standalone goal on gender equality and women's empowerment (Goal 5), and in the recognition of gender dimensions in targets across other goals, including full, productive and decent employment for all women and men (Goal 8). Australia's progress against these goals will be measured by various indicators, including the proportion of time spent on unpaid domestic and care work, access to economic resources, number of women in managerial positions, the average hourly earnings of female employees, and the unemployment rate of women.<sup>8</sup>

The proposed amendments to Australia's current PPL scheme and the impact this is likely to have on women's economic participation (including in senior managerial roles), the gender pay gap, and the de-valuing of caring responsibilities will impact on Australia's performance against these indicators. Australia has the opportunity to be a leader on this agenda and maintaining the current commitment to the PPL scheme demonstrates to the international community that we are serious about women's rights and gender equality.

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<sup>5</sup> Workplace Gender Equality Agency *Gender workplace statistics at a glance* August 2016  
[https://www.wgea.gov.au/sites/default/files/Stats\\_at\\_a\\_Glance.pdf](https://www.wgea.gov.au/sites/default/files/Stats_at_a_Glance.pdf)

<sup>6</sup> World Economic Forum *Global Gender Gap Report 2016*  
<http://reports.weforum.org/global-gender-gap-report-2016/economies/#economy=AUS>

<sup>7</sup> OECD Family Database *Parental Leave Systems* April 2015  
[http://www.oecd.org/els/soc/PF2\\_1\\_Parental\\_leave\\_systems.pdf](http://www.oecd.org/els/soc/PF2_1_Parental_leave_systems.pdf)

<sup>8</sup> UN Statistical Agency *Tier Classification for Global SDG Indicators* November 2016  
<http://unstats.un.org/sdgs/files/meetings/iaeg-sdgs-meeting-04/Updated%20Tier%20Classification%20of%20SDG%20Indicators%2010-11-16.pdf>

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## CONCLUSION

The contention that Government-funded parental leave is a luxury on top of access to employer-paid schemes ignores the reality that most Australian women will be unable to return to full-time work when their child is only 18 weeks old. Under the current PPL scheme, allowing workers access to a minimum standard of 18 weeks while incentivising employers to negotiate additional benefits for workers enables more women to return to full-time, better paid and meaningful work. Providing women with this support to balance caring responsibilities and paid work is crucial to achieving gender equality. The dismantling of this entitlement will impact negatively on Australia's GDP and undermine our performance against key international gender equality standards (such as the SDGs), as well as undermining the rights of Australian women greater access to work, an independent source of income, and employment opportunities which value women's economic contribution.

IWDA recommends that the Committee rejects the proposed amendments to PPL and maintains the current scheme, and the rights this provides to women, under the Paid Parental Leave Act 2010.

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