



SUBMISSION TO

**Senate Community Affairs Legislation
Committee inquiry into the
Fairer Paid Parental Leave Bill 2016**

January 2017

Contact

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Introduction

Women on Boards is pleased to make a submission in relation to the Senate Community Affairs Legislation Committee inquiry into the Fairer Paid Parental Leave Bill 2016. In doing so, we note that we presented to the first inquiry by the Committee into the Fairer Paid Parental Leave Amendment Bill 2015 and met with then Treasurer, Scott Morrison, on the matter. Our position has not substantively changed in this time however we have taken the opportunity to canvass the views of members of Women on Boards and its wider network to the proposed changes.

More than 1,350 people had responded at the time of writing to our survey seeking to inform our response to this inquiry. We acknowledge the majority of survey respondents are well-paid working professional women whose employers provide PPL. Coincidentally this also makes them part of that cohort most likely to be impacted by the proposal to scale back access to Government-funded PPL for parents receiving employer funded PPL.

Women on Boards is keeping the survey open with a view to canvassing the views of closer to 2,000 men and women by mid-February 2017 and preparing a more comprehensive report. We would be pleased to make the raw data available to the Inquiry on request.

In making our submission, we acknowledge that the current government is under pressure to continue and improve access to PPL in a constrained fiscal environment. We also note that we do not support the premise that any benefits received from a Government are enshrined rights that cannot be adjusted and refined. This applies equally to tax, superannuation provisions and pension arrangements as it does to PPL.

Executive Summary

The strong opposition to changes to the Government PPL scheme proposed in the original Bill and evidenced by comments to the 2015 Standing Committee hearing are again reflected in the submissions lodged to this inquiry.

The substantive submissions made by the Diversity Council of Australia (DCA) and National Foundation for Australian Women (NFAW) contain strong arguments to the effect that the proposal to scale back access to Government-funded PPL for parents receiving employer funded PPL (the so-called double dippers) would be detrimental for business, women and families.

Both the DCA and NFAW submissions outline some key principles in relation to PPL that Women on Boards supports:

- That the 26 weeks PPL recommended by the World Health Organisation is a global standard Australia should mandate and meet.
- PPL is an employment issue that has a significant impact on labour force participation for women and their capacity to engage within, contribute to and benefit from the economy.
- PPL provides business with a greater degree of employee security and the opportunity to attract and retain female talent.
- PPL should be regarded as employment leave, not welfare, and employers need a role in providing and administering PPL payments.
- PPL payments should include superannuation.

Both the DCA and NFAW submissions support the retention and enhancement of the existing Government-funded PPL scheme, where employer contributions are taken on top of public funded PPL. Women on Boards believes there is a lack of equity in an arrangement where many women receive only the Government funded PPL of 18 weeks at the minimum wage, while those with employer funded contributions can access both schemes.

Our submission argues for an alternate hybrid model that offers a valuable opportunity to deliver a more equitable PPL scheme. It seeks more particularly to ensure improved PPL for women whose employers do not provide PPL – most often in the small business and private sectors.

Outline of WOB PPL model

The current PPL system is a hybrid scheme with both employers and government participating to more or lesser degrees. In our view this is the best approach as it:

- frames PPL as an employee entitlement rather than a welfare payment;
- provides incentive to employers to recruit and retain employees via improved PPL schemes for men and women; and
- shares the administrative burden of the scheme.

We therefore propose the Government take a pragmatic view and looks to amending the current arrangements to ensure Australia as a leading world economy moves towards the top of the rankings when it comes to the provision of high quality PPL. Under this model the Government would:

- Legislate 26 weeks **PPL to be reached incrementally over three years commencing in 2016 at 18 weeks.**
- **Set aside four weeks for partner leave** on a use it or lose it basis, once the 26 weeks is achieved. Exceptions to be provided for single parents.
- Where employees have access to employer schemes, these be **topped up by the government to the maximum weeks allowed.**

For example, a person receiving 10 weeks PPL from their employer would receive a further eight weeks at the minimum wage paid by the Government rising to 16 weeks in 2019-2020 (with four to be taken by the partner or foregone unless they were a single parent). Superannuation benefits to be paid by the employer and Government respectively on the PPL.

The benefits of this system are:

- It alleviates the concurrence provisions issue whereby some parents are accessing both employer and Government schemes beyond agreed 18 weeks. While this is perfectly legal, it is not in line with the intention of a fairer system for all employees, including those in lower paid, casual and part-time work and those whose employers do not provide PPL.

- As the proportion of employers with a PPL scheme increases from the current 48.2% ¹, primarily due to increased labour market pressures, the cost to Government will either fall or remain stable in line with increments in the minimum wage. The percentage of companies providing employer funded PPL schemes has increased steadily in the past 10 years as statistics from the Workplace Gender Equality Agency shows, and there is no indication this will not continue.
- The majority of parents would still have access to all or a portion of Government funded PPL.
- Our estimate is that the approach in this proposal reduces forecast savings by about 25% on the estimated \$967.7m savings over four years.

¹ Workplace Gender Equality Agency 2016,
https://www.wgea.gov.au/sites/default/files/Stats_at_a_Glance.pdf

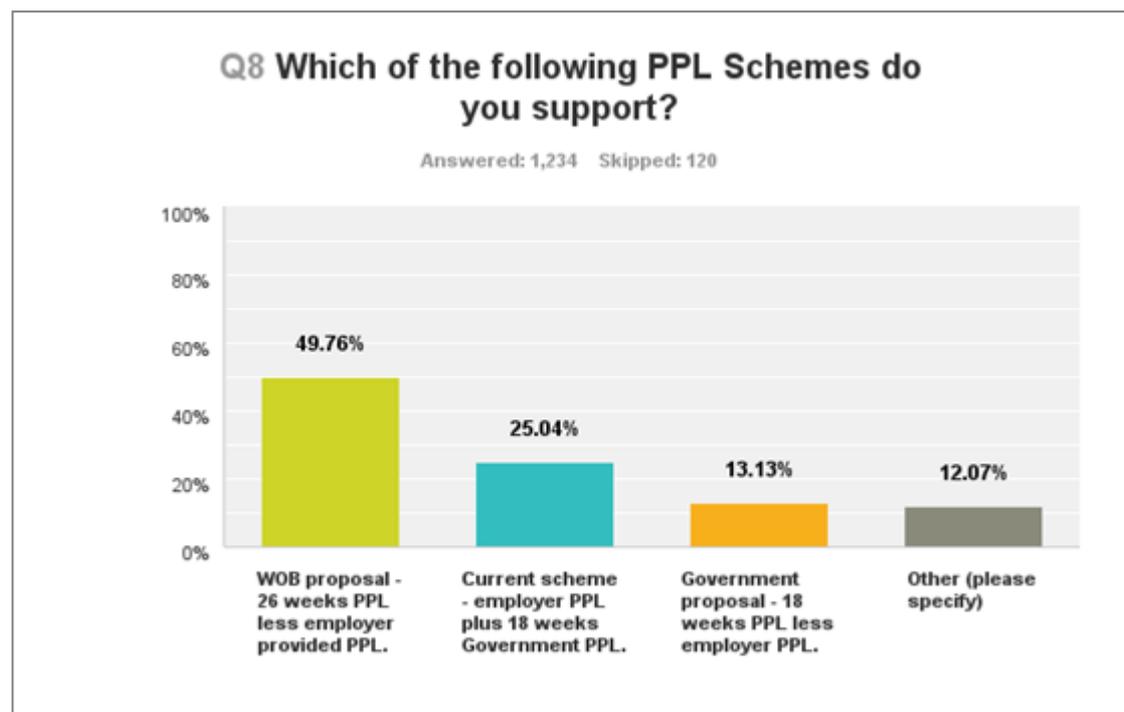
WOB proposal supported by nearly 50% of respondents

Women on Boards submitted its proposal via survey to the Women on Boards database and asked for public responses via social media and online news channels. The survey asked eight questions, including which of three PPL schemes on offer did they support:

1. Current scheme – employer PPL plus 18 weeks of Government PPL
2. Government proposal - 18 weeks PPL less employer contribution
3. WOB proposal – 26 weeks PPL less the employer provided PPL, 4 weeks mandated for the partner.

As the graph below shows:

- 50% of respondents favoured the WOB hybrid approach.
- 15% supported retaining the current scheme
- 13% supported the Government’s proposal
- 12% favoured a different approach or amending one of the three options presented. Of these respondents, 26% (approx. 3% of total respondents to this question) did not support a PPL being provided or did not think the Government should provide it. These tended to be women aged over 40 years and/or those who did not have children.



Respondent comments

Interestingly, many of those who chose 'other' on this question supported stronger PPL arrangements and had additional suggestions / modifications. A selection of these comments is included below.

“As per the WOB proposal however there should be the ability to share the leave between both parents - similar to the UK scheme that offers one full year of parental leave to be shared between both parents.”

“The problem with all current PPL proposals is that they presume that the mother is the primary carer but not the primary financial provider. When the government PPL is means tested on the family income, this significantly disadvantages women in this category (who may currently be in the minority but will hopefully be increasing with future generations). The whole system needs to be reconsidered - PPL, childcare and school - to bring it more in line with modern family life and not based on an antiquated model of the typical nuclear family from the 50's.”

“Much bigger focus on splitting care more evenly between carers eg. Swedish scheme is 9 months (3 month for 1 parent, 3 months for the other parent, and 3 for either parent). My partner is currently on two months of parental leave, completely unpaid :(“

“Access to employer provided PPL and means tested on Government funded PPL increased to 26 weeks.”

“26 weeks PPL at full pay as proposed by Liberal govt initially. This is the only way to ensure that women in paid work can take time off to have a family. This is not about women, it is about families.”

“A combination of the WOB and the employer plus govt PPL but for longer is appropriate. The partner leave should be ADDITIONAL to at least 26 weeks for the primary carer (mother usually).”

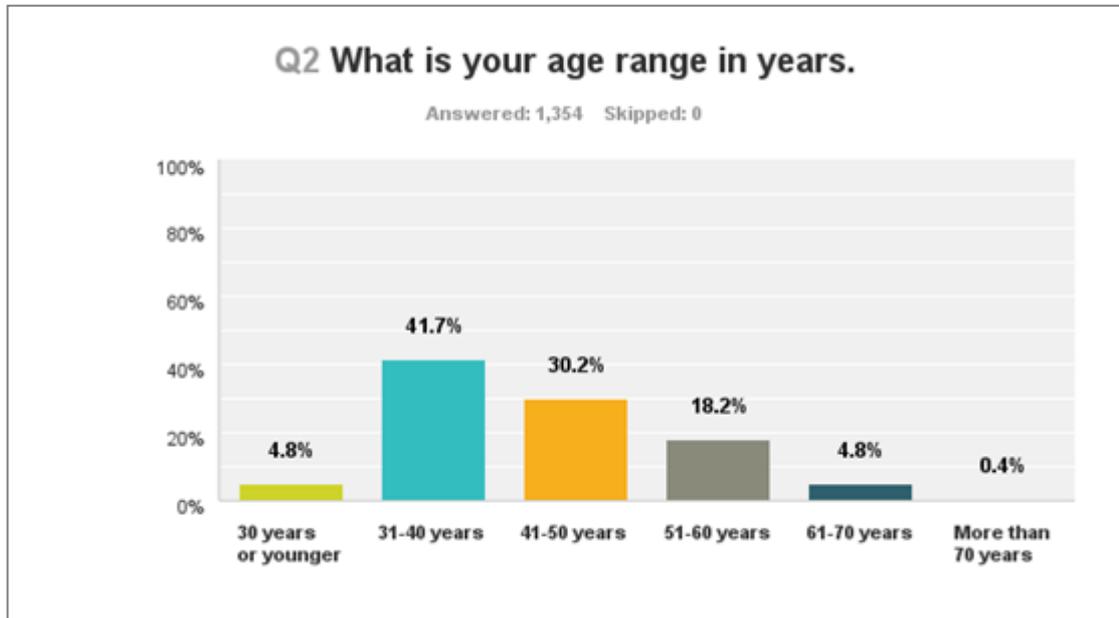
“I understand the physiological reasons women need to be initial caregivers, but I think that paid leave needs to be evened up between females and males. Currently, as women take so much leave compared to their male partners, they have less work experience (and therefore pay rates drop), whilst men are still gaining experience (and therefore management positions where pay rates rise). I've done study in countries where maternity leave is fabulous, however in those countries the gender pay gap is increasing. Perhaps arrangements where instead of one person taking full time leave, two people take part time leave and share the responsibilities, whilst also increasing the overall participation in the workforce, would be an option for some. Having said all that, there is no simple answer to this.”

“In principle, I support the WOB proposal. However, the structure of all these, does not appear to incentivise employers to provide any paid leave, unless there will be mandatory requirements for employer leave provision based on company size (which I do support). For example, a start-up cannot afford to provide any paid leave and if required, would be unlikely to employ any child bearing age women, a highly undesirable outcome.”

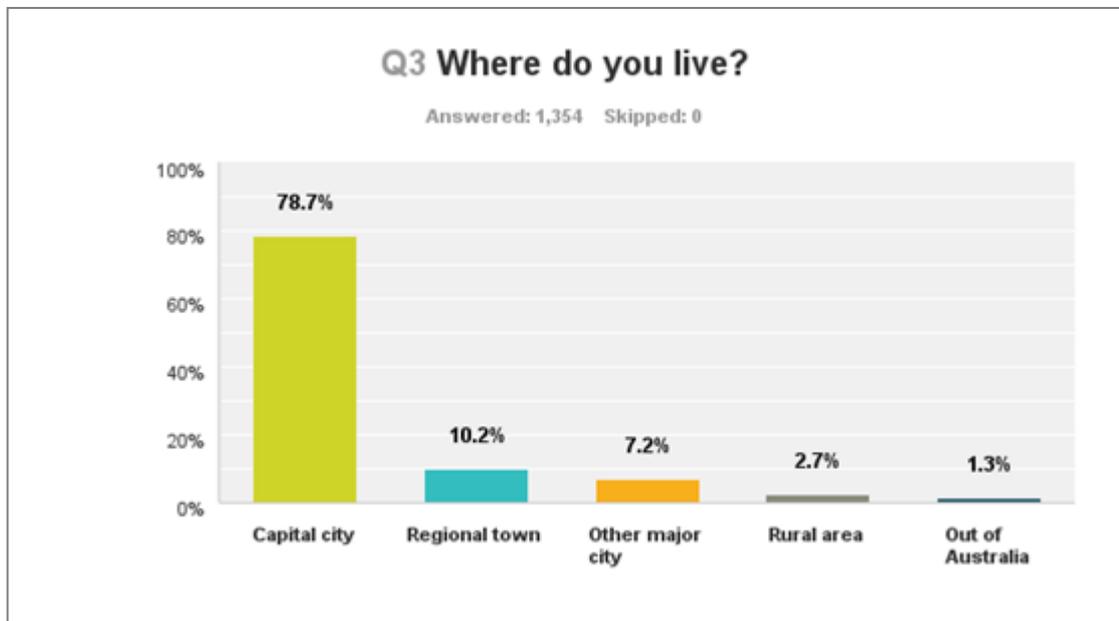
“My preference is the WOB proposal but having had 2 cesarean sections the partner of the primary carer needs 6 weeks of leave.”

General survey trends

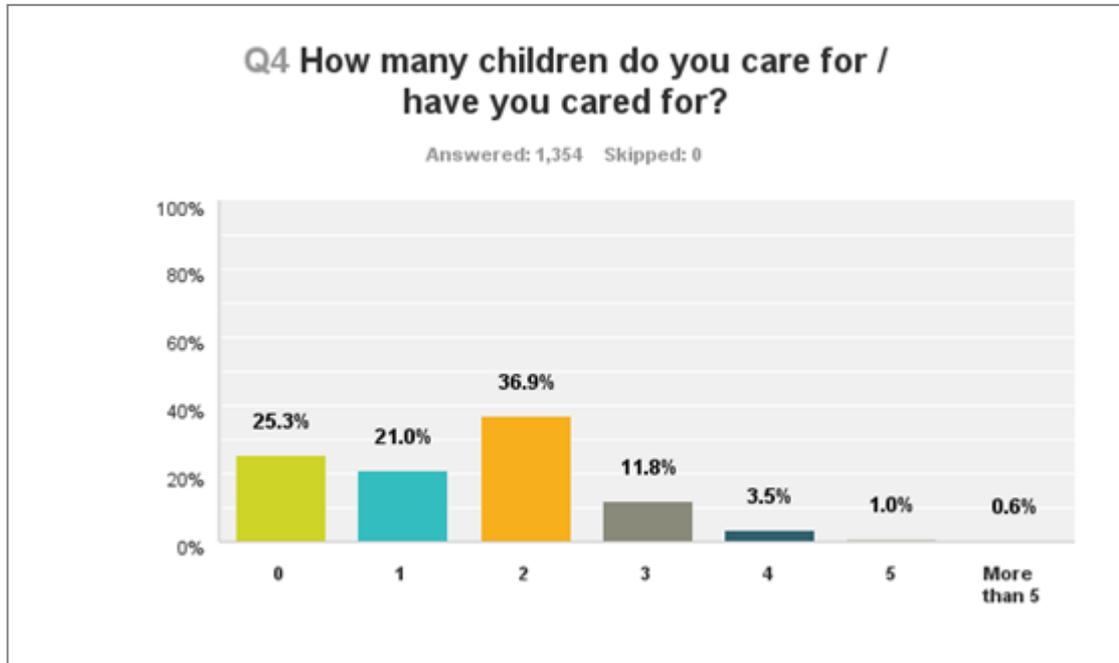
- The majority of survey respondents were aged between 31 and 50 years. All but 2.5% were female.



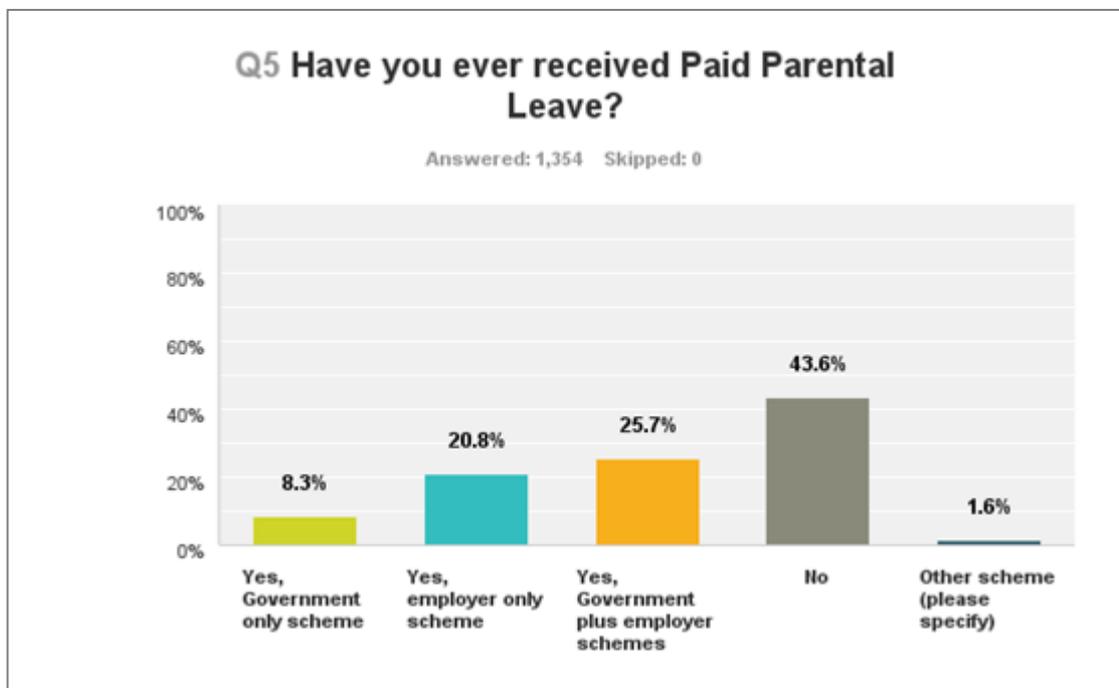
- More than 85% of respondents lived in a capital or major city or overseas.



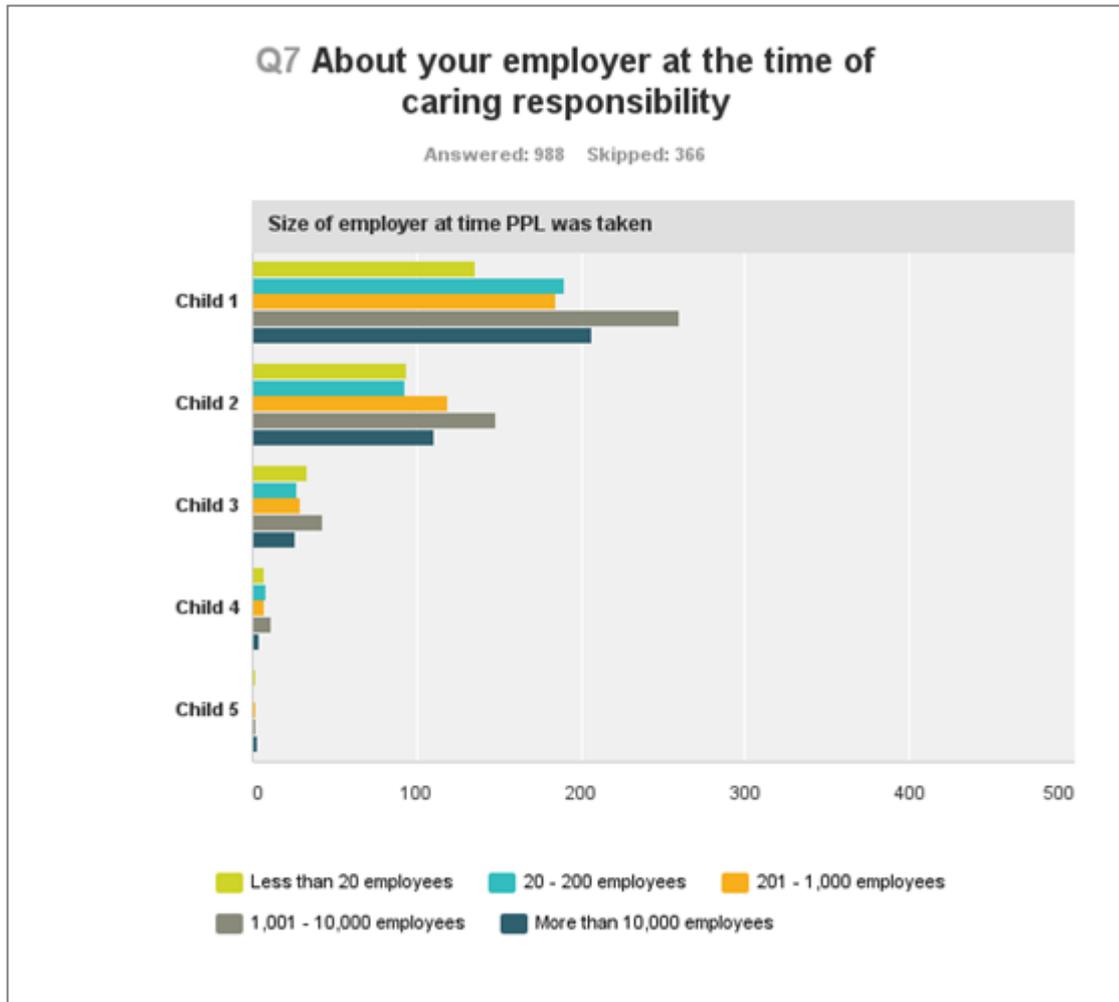
- The majority of respondents had or had cared for one or more children, with a quarter having not cared for children.



- More than 50% of respondents had received Government, employer or a combination of both schemes.



More than 40% of all respondents worked for an employer with more than 1,000 employees at the time PPL was taken.



More than 45% of respondents had 12 weeks or more PPL made available by their employer at the time of the birth of each child.

- Child 1 72%
- Child 2 65%
- Child 3 63%
- Child 4 47%
- Child 5 50%

Conclusion

Women on Boards and its members endorse the provision of Government provided Paid Parental Leave as a key to both building the capacity of women who have children to work and participate in the Australian economy, and to producing optimal outcomes for babies and infants. The research on the benefits of having close parental care in the early stages of life are well documented and largely uncontested.

However, there is clear support for a more equitable model whereby parents receiving employer funded PPL do not receive the full Government-funded PPL. Our proposal is to extend the number of weeks to the 26 weeks recommended by the World Health Organisation from the current 18 weeks, but mandating four weeks for the partner, except in the case of single parents. This would go some way to alleviating concerns raised in relation to the loss of PPL employee benefits from some sectors.

The other reminder is that PPL is a small issue when compared with the ongoing matter of child and after-school care, both of which need to be considered when making decisions that impact the child bearing and rearing capacity of men and women in Australia.

Thank you for the opportunity to make this submission.

Claire Braund

on behalf of Women on Boards

13 January 2017