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Submission to the Senate Standing Committee on Community Affairs Inquiry into the Fairer Paid Parental Leave Amendment Bill 2015

Women on Boards (WoB) welcomes the opportunity to make a submission to the Senate Community Affairs Legislation Committee on the matter of the Fairer Paid Parental Leave Bill 2015.

WoB is of the view that the Bill is a retrograde step. With the introduction of a PPL scheme in 2009, Australia joined developed countries in offering an employment benefit to working carers; with benefits accruing to working men and women as well as the economy.

The scheme was based on recognition that early bonding of the carer and the child was a sure way to improve the health and wellbeing of the child. Australia's approach of 18 weeks of PPL entitlement, moving to 26 weeks at a later date, was a central premise of the scheme.

WoB recognises that the current scheme can be improved at the margin, but we do not support moving to a circumstance where time away from the workplace is rationed on the basis of weekly earnings.

We acknowledge that the current government is under pressure to find savings. At the same time the Prime Minister repeatedly rules out other savings measures (such as superannuation and capital gains tax adjustments) that would also contribute to overall savings.

There are better ways to modify the scheme in light of financial pressures and equity to carers. For example, provide a government contribution on the balance of 26 weeks less the number of weeks provided by the employer. We are available to present this option to the committee.

Women on Boards recommends that the Bill be rejected in its current form.

Yours Sincerely

Ruth Medd and Claire Braund
Directors, Women on Boards

ABOUT WOMEN ON BOARDS

Women on Boards (WOB) started as an informal network in 2001 and was established as a legal entity in 2006 to improve the gender balance on Australian boards. It is funded through subscriber fees and earnings from services to organisations seeking to improve gender diversity.

WOB partners with the corporate, government and non-profit sectors to hold events, host programs, create opportunities for women and coach and mentor them into career and director roles.

Women on Boards has a strong social agenda in addition to its primary goal of improving women's participation on boards and in other leadership roles.

The primary means through which WOB supports the board range of social policies affecting women is through a significant financial contribution to the National Foundation for Australian Women, an independent not-for-profit women's organisation, which was the incubator for Women on Boards.

WOB contributes a portion of all revenues plus in kind support to NFAW to enable it to continue its successful lobbying and contribution to social policy areas, including:

- Sex discrimination
- Equal pay
- Paid parental leave
- Child Care and early learning
- Work Choices & Welfare to work
- Health Issues
- Henry review of future taxation arrangements
- Affordable Housing

CONTEXT

The long struggle by community and women's groups, together with the union movement, for a national statutory Paid Parental Leave Scheme (PPL) culminated in the *Paid Parental Leave Act 2010*.

This followed an inquiry by the Productivity Commission¹.

We commend to the Senate the Overview of that Report (XLV- or 45 pages) of valuable summary of health and medical arguments on breast feeding, maternal and paternal care during the first 26 weeks of an infant life, and arguments for and against a duration of 26 or 18 weeks for the proposed statutory scheme. In particular, we draw to attention the paragraphs summarising international medical evidence on the merits of breast feeding for the first 26 weeks (see pps XIX).

¹ Australian Government Productivity Commission, 2009, *Paid Parental Leave: Support for Parents and Newborn Children*. Report Number 47. 28 February.

After further community debate, and political discussion, one outcome was the establishment by Government of a mixed employer and taxpayer funded system. This system was very extensively canvassed in the Report, and in the subsequent inquiry by a Senate Committee into the resultant Bill. In the light of the extraordinary suggestions by the current Government that this mixed funding model was not well understood publicly, we attach our submission to the Senate Committee inquiring into the Bill to establish the scheme, wherein these matters are discussed.²

We were shocked to see this mixed funding model described in the 2015-16 Budget Papers under the title ‘Double Dipping’, not least because of the 2010 agreement of the then Leader of the Opposition and the then Shadow Minister for Women not to oppose the Bill. It is demeaning to Australian women and misrepresents the model developed. We note that the Bill under consideration adopts the premise that there should no longer be a system of complementary employer and taxpayer funded systems, with the objective of reaching 26 weeks of paid leave.

During the inquiry into the enabling Bill by the Senate, women’s groups successfully pressed for the introduction into the Bill of a statement of the objectives of the scheme which was proposed to be introduced. The objectives finally established in the legislation which reflect our proposal are set out below.

Division 1A—Objects of this Act

(1A) This Act establishes a paid parental leave scheme with 2 payments—parental leave pay, and dad and partner pay.

(1B) The objects of the paid parental leave scheme are to:

(a) 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; and

(b) promote equality between men and women and balance between work and family life.

(1) The object of parental leave pay is to provide financial support to primary carers (mainly birth mothers) of newborn and newly adopted children, in order to:

(a) allow those carers to take time off work to care for the child after the child’s birth or adoption; and

(b) enhance the health and development of birth mothers and children; and

(c) encourage women to continue to participate in the workforce.

(2) The object of dad and partner pay is to provide financial support to fathers and partners caring for newborn or newly adopted children, in order to:

(a) increase the time that fathers and partners take off work around the time of birth or adoption; and

(b) create further opportunities for fathers and partners to bond with the child; and

(c) allow fathers and partners to take a greater share of caring responsibilities and to support mothers and partners from the beginning.

² See Appendix A: NFAW Submission to the 2010 Senate Committee inquiry into the Bill to establish a paid parental leave scheme

(3) The financial support provided by this Act is intended to complement and supplement existing entitlements to paid or unpaid leave in connection with the birth or adoption of a child.

The scheme which has been operating for five years was demonstrably intended to benefit the children of working mothers by facilitating the extension of time for mothers and their infants to have together before the mother returned to work. It was also designed to assist mothers to remain attached to the workforce.

Women's groups accepted the new (minimal) national provisions on the understanding that following introduction, and evaluation, that there would be scope over time for additions and improvements, such as superannuation, access to paid leave prior to the birth, and an extension to the desired 26 weeks of paid leave at income replacement.

Instead this Bill introduced by the Government effectively seeks to limit the time away from work available to working mothers and their infants post-partum.

We note that the Bill does not propose comparable 'savings' for Dad and Partner Pay, which is surprising but we would not, in any event, support such a proposal.

The Bill also proposes to transfer complete responsibility for making payments to the Commonwealth. This proposal runs contrary to the delivery option proposed by the Productivity Commission and favoured by a number of comparable overseas schemes on the grounds in addition to being the most efficient option, it would also:

- signal the payment as a normal work-related entitlement
- encourage greater employee loyalty, and
- improve workforce and workplace attachment.³

The Bill proposes to make this change without showing any analysis of the likely administrative challenges it would be likely to bring about, and despite the Commission's analysis, which showed that

the administrative burdens on firms delivering taxpayer-funded parental leave need to be weighed against the retention benefits that the proposed scheme will deliver to many, if not most, employers not currently offering paid parental leave voluntarily. More broadly, as the Commission said in the draft report, the kinds of arguments raised in opposition to the [employer] paymaster function ignore the role already played by employers in the provision and/or administration of a range of employment related entitlements including annual, long service, sickness, voluntary paid and statutory unpaid parental leave. Indeed, it is arguable whether there would be any material addition to administrative costs, not only for large employers with access to sophisticated payroll and human resource management systems, but also for smaller firms because (as acknowledged by some participants) the probability of an employee

³ Ibid p. 331.

actually being on parental leave at any point in time would be quite low (see chapter 7).⁴

The OECD⁵ has recently reported on trends in paid parental leave:

In almost all OECD countries, the length of paid leave available to mothers was longer in 2014 than it was in 1970 and, to a slightly lesser extent, 1990. In 1970, an average of 17 weeks of paid leave were available to mothers across OECD countries. By 1990 this had increased to 39 weeks, while by 2014 the OECD average stood at just over one year. The largest increases in paid leave can be found in Finland and in the Slovak Republic – where in both cases mothers can now receive over three years of paid leave, compared to 9 weeks and 26 weeks in 1970, respectively – but are considerable a number of other countries. Korea, for example, provided mothers with just 8.5 weeks of paid leave in 1990, but today offers 15 months. Similarly, Canada currently offers mothers 50 weeks of paid leave, compared to 15 weeks in 1990 and no weeks in 1970. Decreases in the availability of paid leave are rare. Indeed, in only four countries (the Czech Republic, Germany, Hungary, and Sweden) is the current length of paid leave available to mothers shorter than at either of the other two points in time. In Sweden this can again be explained by the introduction of ‘father-quotas’ on parental leaves. In the Czech Republic and Germany, meanwhile, the drop in the length of paid leave is due to the introduction of payment scheme options, which allow parents to receive a higher payment rate while on leave but for a shorter period of weeks. Broadly though, the trend across OECD countries is for increase and expansion in the length of paid leave available to mothers.

The Government proposal is a savings exercise. It runs completely contrary to the advice of national and international bodies with expertise in child development and undermines the objectives of the Act (which the Bill does not propose to amend).

The Bill purports to be ‘fairer’ by negating the final objects clause set out above, viz. The financial support provided by this Act is intended to complement and supplement existing entitlements to paid or unpaid leave in connection with the birth or adoption of a child.

The consequence of the Bill is to reduce the amount of paid parental leave, in a context where most comparable nations are expanding the quantum. Australian women are being asked to go backwards.

It is significant that the Productivity Commission in its Report said that it expected the implementation of the scheme it proposed would have a greater impact on time away from work for lower paid women than for women with substantial employer provided parental leave.

We will not traverse in detail the findings of the evaluation of the paid parental leave scheme as introduced that was prepared for the then responsible Government agency by a consortium

⁴ Productivity Commission 2009, 333.

⁵ OECD Family database: www.oecd.org/social/family/database.htm



of experts⁶, nor other recent international comparisons, since we are aware that other expert individuals and groups will so do. We simply state that the evaluation does not support the current proposal.

Women on Boards recommends that the Bill be rejected in its current form.

Available at <https://www.dss.gov.au/our-responsibilities/families-and-children/benefits-payments/paid-parental-leave-scheme/review-of-the-paid-parental-leave-scheme/paid-parental-leave-phase-2-report>