



# Paid Parental Leave

---

Submission  
December 2023

CEW

Women Leaders Empowering All Women

# About CEW

## Women Leaders Empowering All Women

Chief Executive Women's (CEW) shared purpose is 'women leaders empowering all women'. CEW's over 1,200 members represent Australia's most senior and distinguished women leaders across business, academia, government, sport, the arts, and not-for-profit sectors. CEW's members have leading roles within Australia's largest private and public organisations. They oversee more than 1.3 million employees and \$749 billion in revenue. Members' organisations have a combined market capitalization greater than \$1.144 trillion and contribute in excess of \$249 billion to Australia's GDP.

Since 1985 CEW has influenced and engaged all levels of Australian business and government to achieve gender balance. Through advocacy, research, targeted programs and scholarships, CEW helps to remove the barriers to women's progression and ensure equal opportunity for prosperity. CEW's members work actively to realise our vision of a community where women and men have equal economic and social choices and responsibilities.

## Acknowledgement of Country

We acknowledge the Traditional Custodians of Country throughout Australia and pay our respects to their Elders past and present. CEW celebrates the diversity of First Nations people and their continuing connection to land, water, and community, and acknowledges the strength of First Nations women leading their communities. We extend that respect to Aboriginal and Torres Strait Islander people who are part of the CEW community.

To learn more about  
CEW, and how our  
team can support your  
organisation's journey  
to gender equality,  
visit our website  
[www.ceb.org.au](http://www.ceb.org.au) or contact  
us at [ceb@ceb.org.au](mailto:ceb@ceb.org.au)

# Message from CEW

*'Gender equality is an economic imperative. It is the biggest lever we have to unlock an existing, highly educated workforce, build an economy that reflects modern Australia, and uplift stalling productivity for the benefit of everyone. If we take deliberate action, we can accelerate towards a gender equal Australia by 2030 and reap all the economic and societal rewards.'*

Susan Lloyd-Hurwitz, CEW President

CEW members, as business and community leaders, are a force for change alongside the Australian Government to restore Australia as a world leader on gender equality and realise a vision of:

- **Diverse women leaders at every decision-making table**
- **Women's workforce participation enabled across all sectors**
- **Women are economically secure and free from violence across their life course**
- **Workplace flexibility for men and women to work and care for family**

CEW is pleased to make a submission in response to the Paid Parental Leave Amendment (More Support for Working Families) Bill 2023. Thank you for providing CEW with the opportunity to comment on the Paid Parental Leave Amendment.

CEW has welcomed the Commonwealth Government's significant commitment to advancing gender equality including through expanding the Paid Parental Leave Scheme. This submission focuses on the further reforms necessary to leverage women's participation and leadership which is central to achieving greater gains in economic productivity and wellbeing.



# Paid Parental Leave enables workforce Participation

Paid Parental Leave (PPL) is not a form of welfare. It is a critical lever to enable parent's, particularly women's, workforce participation. It connects parents to the workplace and allows businesses to attract and retain exceptional talent.

There is a wealth of research demonstrating that a continuous relationship with the workplace while on parental leave is necessary for the long-term economic security and workforce participation of new parents, in particular women.

Research from [Impact Economics and Policy](#) found that:

- **The 2011 Paid Maternity leave reforms delivered:**
  - **74,245 additional women with children aged under 5 in employment**
  - **\$8.5 billion added to GDP in 2021-22.[1]**
- Paid parental leave increases participation largely because it maintains a woman's relationship with her employer and attachment to the labour market
- The design of the Australian scheme encouraged women to stay engaged in work in order to qualify for the payment

## **Currently, 86% of parental leave currently taken by women[2]**

CEW welcomed the expansion of the Commonwealth PPL Scheme to 26 weeks and the inclusion of components that encourage more equitable caregiving by both parents.

International research indicates that care work also has a positive impact on men's wellbeing in the long and short-term. Men who take up parental leave enjoy several benefits to both their professional and personal lives. Beyond the direct benefits, normalising flexible work and shared care responsibilities relaxes rigid gender norms, and unlocks women's workforce participation, overall strengthening Australian families financial security, particularly in a difficult economic climate.

Maintaining employer administration of the Government PPL scheme is critical to ensure parents continued connection to their employer and the workforce.



# CEW calls on the Government to:

## Immediate Action

1. Extend the superannuation guarantee to the Commonwealth Paid Parental Scheme to reduce the superannuation gap between men and women in retirement
2. Legislate 'use it or lose it' provisions for paid parental leave to encourage shared care
3. Review the administration of the government Paid Parental Leave scheme to reduce administrative burden on parents and small businesses

## Longer Term Reform

4. Continue to expand the Commonwealth Paid Parental Leave scheme in line with best practice OECD nations and the recommendations of the Women's Economic Equality Taskforce 10-year plan to incentivise shared care and men's uptake, including raising payments to replacement wage and expanding the period of weeks provided.



Read CEW's  
[Gender Equality  
Strategy Advocacy  
Paper](#)

# Valuing care at the centre of the Economy

Care work is the backbone of the economy and is vital to the wellbeing of our families and communities. Yet this work has been historically undervalued. As a nation we must recognise the value of unpaid work and caring responsibilities and the immeasurable contribution to our society and economy.

- **1/3** of the gender pay gap can be attributed to the time women spend outside of the work force undertaking unpaid care[3]
- Women in Australia face a **‘motherhood penalty’**, with earnings reduced by an average of 55% in the first five years of parenthood
- Women approaching retirement have **23% less superannuation** than men[4]

Australia is at a critical juncture in its gender equality journey, while there has been significant investment in the gender equality infrastructure, we continue to trail behind our peer nations in women’s workforce participation rates and economic equality.

**Reforming paid parental leave is one of the key levers in a government’s toolkit to influence caring patterns set in homes and families and enable women’s economic participation.**

Currently Australia is squandering our investment in human capital – highly educated, skilled women. As a nation we are ranked 38th in the world for women’s economic participation and opportunity. [5]

Australian women are highly educated, skilled, and an untapped resource that could turbocharge Australia’s economic prosperity. In a period when government leaders across the world are dealing with serious economic challenges, Australia could achieve a competitive advantage with the right policy settings.



# Recommendations

## 1. 'Use it or lost it' is essential to Men's Uptake

Research indicates that men who take up parental leave enjoy several benefits to both their professional and personal lives. Beyond the direct benefits, normalising flexible work and shared care responsibilities relaxes rigid gender norms, and unlocks women's workforce participation, overall strengthening Australian families financial security, particularly in a difficult economic climate.

**Currently, 86% of parental leave currently taken by women[6]**

CEW welcomed the expansion of the Commonwealth PPL Scheme to 26 weeks and the inclusion of components that encourage more equitable caregiving by both parents. Whilst the Commonwealth PPL Scheme is paid at minimum wage rather than replacement wage, 'use it or lose it' provisions will be essential to increase men's uptake.

International research indicates that care work also has a positive impact on men's wellbeing in the long and short-term.

- Men who spend more time caring for their babies alone during the first year are less likely to separate from their partners[7]
- They also enjoy better economic outcomes, earning more per hour on average and report being more satisfied with their lives than their counterparts.

Caring patterns set in the first year of a child's life persist so supporting parents to share the care early leads to more equitable division of unpaid and paid work.



## International Best Practice

- **Norway:** working parents are offered 42 weeks of PPL. Pre 1993 PPL could be shared on voluntary basis by either parent, on average fathers used less than 5% of the leave. In 1993, the law changed, requiring fathers to use four weeks of this leave or the family forfeiting it altogether. As a result, use of parental leave by fathers is now 70-80%.
- **Sweden:** working parents have a right to 12 months of PPL (paid at 80% of their salary) to share between them. Prior to 1995, only 9% of total leave was used by fathers. The law changed in 1995 to make one month non-transferable for each parent. As of 2000, 70% of fathers in Sweden use this month, with 12% of fathers using leave beyond one month.
- **Denmark:** Denmark provides 22 weeks of leave for the non-birth parent, and the leave period can be extended until the child is nine. This policy led to a significant increase in men's uptake of parental leave and men were more likely to continue shared care of their children throughout the early years.[8]
- **Quebec:** Quebec parents have higher replacement rates, 70-75% of one's income, over the maximum 52 weeks while offering more flexibility in terms of shared leave. The innovative 'daddy quota' which is five weeks of 'use it or lose it' benefits, has led to significant results. 86% of parents will in some way share their parental leave, compared with 15% of fathers who take parental benefits in the rest of Canada.[9]

## 2. Strengthening carers economic security across the life course

In order to live comfortably in retirement the current superannuation system assumes that workers will build enough savings from their continuous work history. This does not reflect the reality of many people who will miss out on crucial years of superannuation accumulation due to having to undertake unpaid care work. Parental Leave continues to be one of the few types of leave yet to attract superannuation.

CEW calls on the Government to extend superannuation guarantee payments to PPL.

**Paying superannuation on PPL is an investment in Australian's economic security in retirement, and is a budget measure that will not increase inflation.[10]**



### 3. The Business Case for Paid Parental Leave

Employers' active engagement in the PPL scheme ensures the best outcomes for all parties. Employers are able to retain their skilled staff and women are able to maintain a vital connection to work and their careers while caring for their family. Removing this relationship can have significant implications for women's economic participation and re-entry to the workforce.

Strong PPL policy is good for business:

- It can increase employee retention rates, reduces absenteeism, and improves morale and productivity
- It can reduce costs associated with hiring and training new employees
- Offering support for parental leave can help businesses attract and retain diverse top talent.

Paid parental leave greatly increases the likelihood of the parent returning to work. Case studies from Australia and Internationally saw strong financial benefit and increased staff retention through their PPL schemes. Employee's and candidates cite work-life balance and supportive family policies as key to their career decisions.

Small and medium sized businesses who take advantage of PPL have reported broader benefits, including lower staff turnover, increased productivity and higher levels of business performance, most notable in sales and profitability, particularly when compared with businesses who did not offer these provisions.

Having flexible, tailored parental leave arrangements allow employees to feel supported and comfortable in their decision to take leave. Maintaining this relationship between employees and employers allows for confidence in re-entry to the workplace, improving retention and economic security for employees on parental leave. Current arrangements, such as flexible working arrangements and communication protocols, can foster an open and supportive environment for employees on parental leave, improving morale and job satisfaction.

## Accessible administration benefits parents and business

CEW is concerned that an opt-in or opt-out model would push the entirety of the administrative burden onto new parents. It could also lead to reduced uptake of the PPL and impact the ability of small businesses to attract and retain female employees who value this benefit.

The effective participation of small business, and the structures in place to support small businesses, are important to a successful PPL scheme. Offering PPL provides small businesses with a competitive advantage in an increasingly challenging economic environment.

CEW recommends the Department of Social Services (DSS) be adequately resourced and structured to support small businesses and parents to access parental payments. There are several changes that could facilitate this:

- Engaging with small businesses and their employees through targeted outreach campaigns, such as workshops and webinars, to educate them about any changes to PPL policy and how it may impact them.
- Reducing red tape and the burden of administrative processes required to apply for and administer PPL, similar to how single touch payroll processes streamlined salary processes.
- creating a dedicated helpline or online portal for small businesses and their employees to access information and support related to PPL

Ensuring that DSS is adequately resourced to provide support to businesses and the community and training is provided to staff

## Women and Small Business

In 2017-18, there were 765,387 small businesses in New South Wales, which accounted for more than 95% of businesses in the State, and adding \$418 billion to GDP. In Australia, female employment levels are at an all-time high, particularly within small businesses. Women account for around one-third of Australia's small business owners, and that number is growing. The number of female small business owners increased by 24% between 2006 and 2021, more than three times the growth of their male counterparts.

International research indicates that small businesses see positive effects on recruitment, retention, productivity, and profitability when compared to their counterparts who do not have PPL policies. The proposed program, administered by Service Australia, levels the playing field for smaller companies who may otherwise be unable to offer the same benefits and therefore, may be at a disadvantage of attracting the same talent as their larger counterparts.

Research from California, New Jersey and Rhode Island, who have systems similar to Australia found that small businesses, those with 100 employees or less had overwhelmingly positive experiences. 91% said the introduction of PPL had a “positive effect” or “no noticeable effect” on profitability and performance.



# References

- Impact Economics and Policy: CHILD CARE SUBSIDY ACTIVITY TEST: INCENTIVE OR BARRIER TO LABOUR FORCE PARTICIPATION? March 2023
- Workplace Gender Equality Agency: Australia's gender equality scorecard, February 2022
- KPMG: She's Price(d)less: The economics of the gender pay gap, 2022 <https://kpmg.com/au/en/home/insights/2022/07/shes-priced-less-gender-pay-gap-economics.html>
- [ KPMG: the gender superannuation gap: addressing the options <https://kpmg.com/au/en/home/insights/2021/08/gender-superannuation-gap.html#:~:text=In%20the%20years%20approaching%20retirement,a%20gap%20of%2028%20percent.>
- World Economic Forum; Global Gender Gap Index, June 2023
- Workplace Gender Equality Agency: Australia's gender equality scorecard, February 2022,
- Huerta MC, Adema W, Baxter J, Han WJ, Lausten M, Lee R, Waldfogel J. Fathers' Leave and Fathers' Involvement: Evidence from Four OECD Countries. Eur J Soc Secur. 2014 Dec;16(4).
- Nordic Labour Journal, Dads on equal footing with mums in Denmark's new parental leave law — Nordic Labour Journal August 2022
- [ii] Statistics Canada; Study: Family Matters: Parental Leave in Canada, 10 February 2021
- [i] NSW Council of Social Service: New Research: One Million in Poverty, Older People Hit Hardest, Inequality Deepens, March 29 2023

