



ASU Submission

Senate Standing Committees on Community Affairs

Paid Parental Leave Amendment (More Support for Working Families) Bill 2023

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The ASU

The Australian Services Union ('ASU') is one of Australia's largest unions, representing approximately 135,000 members. ASU members work in a wide variety of industries and occupations in both the private, public and community sectors.

Executive Summary

Providing contemporary, equitable and supportive arrangements for new parents to take time off when their child arrives is vital for working families. The *Paid Parental Leave Amendment (More Support for Working Families) Bill 2023* increases the amount of Commonwealth Paid Parental leave to 26 weeks and provides better security and choice for families as well as encouraging dads and partners to be more involved by giving families flexibility on how they share care.

The Bill finalises the Government's significant expansion of paid parental leave announced in the October 2022-23 Budget. However, we believe the Bill should be strengthened and make the following recommendations.

Recommendations

Recommendation 1: Commonwealth Paid Parental Leave should be increased to 52 weeks.

Recommendation 2: Government must increase the level of income replacement from its current low level based on the National Minimum Wage.

Recommendation 3: Government should reintroduce its previous commitment to pay superannuation on paid parental leave.

Recommendation 4: The Commonwealth Paid Parental Leave scheme should continue to be paid by the employer, unless otherwise decided by the employee.

Introduction

We welcome the Government's commitment to improve the lives of Australian families with the introduction of the *Paid Parental Leave Amendment (More Support for Working Families) Bill 2023*.

We support the changes proposed in the Bill that will see:

- Paid parental leave extended by 2 weeks each year from 1 July 2024 to reach 26 weeks by July 2026;
- Reserved leave for each parent extended by 1 week from 1 July 2025 to reach 4 weeks from 1 July 2026;
- Concurrent leave extended so that both parents can take 4 weeks paid parental leave at the same time by 1 July 2025;
- Paid parental leave extended to fathers who are prevented from performing work due to their child being born prematurely and can meet the work test; and
- Clarification of eligibility criteria for individuals seeking access to Paid Parental Leave in exceptional circumstances, such as those who are gaining parents in a surrogacy arrangement.

The Bill should be improved to further expand the Commonwealth Paid Parental Leave scheme to 52 weeks, increase the rate of pay from its low level based on the National Minimum Wage, pay

superannuation on parental leave; and acknowledge the important role employers play in administering the scheme.

Increase PPL to 52 weeks and boost rate of pay

Commonwealth Paid Parental Leave should be increased to 52 weeks. The majority of OECD nations average 53 weeks paid parental leave for mothers and 8 weeks for fathers.¹

Further, Commonwealth Paid Parental Leave should be paid at a rate higher than the national minimum wage. Paying parental leave at the national minimum wage is inadequate and discourages men, who are often in higher paying jobs, from taking parental leave. In 2019/2020 only 0.51% of men accessed the 18-week Commonwealth Paid Parental Leave scheme.²

Women are overrepresented in part-time, casual, and precarious employment as well as often being paid less due to gender segregation of the workforce.

The economic reality for families deciding on who will take paid parental leave will never be overcome until Commonwealth Paid Parental Leave is remunerated to a replacement wage, including superannuation. Current research found the highest rates of take up by fathers are in countries that provide paid parental leave at high income replacement levels along with incentives for fathers to take paid parental leave.³

Last month the Women's Economic Equality Taskforce⁴ recommended the government:

“ 2.7. Extend the Paid Parental Leave (PPL) scheme by phasing the entitlement up to 52 weeks and boosting the quantum of payments to reach a replacement wage and ensure the scheme incentivises men's use of PPL”.⁵

A recent report by the ACTU found that increasing Commonwealth Paid Parental Leave to 52 weeks by 2030 would benefit the economy by \$26 million.⁶ The *Paid Parental Leave Amendment (More Support for Working Families) Bill 2023* is a step in the right direction but it doesn't go far enough if Australia is going to meet its gender equality targets and shift the stereotype that a woman's role is to be the primary caregiver and the fathers role as primary breadwinner.

Recommendation 1: Commonwealth Paid Parental Leave should be increased to 52 weeks.

Recommendation 2: Government must increase the level of income replacement from its current low level based on the national minimum wage.

¹ Women's Agenda, Can policymakers deliver 52 weeks of paid parental leave by 2030 and make caregiving a national priority? <https://womensagenda.com.au/latest/can-policymakers-deliver-52-weeks-of-paid-parental-leave-by-2030-and-make-caregiving-a-national-priority/>

² The University of Sydney, Next steps for paid parental leave in Australia <https://www.pmc.gov.au/sites/default/files/2023-10/next-steps-ppl-1122.pdf>

³ The University of Sydney, Next steps for paid parental leave in Australia <https://www.pmc.gov.au/sites/default/files/2023-10/next-steps-ppl-1122.pdf>

⁴ Women's Economic Equality Taskforce, A 10-year plan to unleash the full capacity and contribution of women to the Australian economy. <https://www.pmc.gov.au/sites/default/files/resource/download/womens-economic-equality-taskforce-final-report.pdf>

⁵ Ibid.

⁶ The Parenthood, The Parenthood joins ACTU calls for increase in Paid Leave <https://www.theparenthood.org.au/calls-for-increase-paid-parental-leave>

Pay superannuation on paid parental leave

It is estimated that 170,000 women are paid Commonwealth Paid Parental Leave each year, yet they do not receive superannuation whilst caring for their children.⁷ The failure to ensure superannuation contributions are made during parental leave by both employers and the government remains a weakness of the current scheme with long term negative consequences for our members retirement savings. In addition to the persistent gender pay gap, the absence of superannuation during parental leave embeds lower lifetime earnings and retirement income for women.

Whilst the structure of the retirement system does not directly discriminate against women, it operates to magnify the pay gap between men and women. This is because women generally work in lower paid jobs, are paid less, do less paid work and more unpaid work and therefore have lower compulsory and voluntary superannuation contributions. Government must reintroduce its previous commitment to pay superannuation on paid parental leave.

Last month the Women's Economic Equality Taskforce⁸ recommended the government:

"2.6. Legislate the payment of superannuation on all forms of paid parental leave."⁹

Working women deserve superannuation to be paid on every dollar they earn. Superannuation must be paid on Commonwealth Paid Parental Leave.

Recommendation 3: Government should reintroduce its previous commitment to pay superannuation on paid parental leave.

Acknowledge the important role employers play in administering the scheme

The employer role in paying Commonwealth Paid Parental Leave is a critical part of the design of the scheme. We know that connection to the employer is a very important factor in women returning to the workforce after parental leave.

Benefits include increasing long-term workforce participation for new parents (particularly women), retaining valuable and skilled staff through the connection to their employer and workplace, enhancing family-friendly workplaces and gender equality, and the opportunity for workers to bargain for top-up payments and expanded PPL entitlements through their employer.

Employers paying paid parental leave helps normalise the taking of parental leave in workplaces and helps contribute to a culture where access to the entitlement will increase for both women and men, reduce stigma, and ultimately result in more gender-equal workplaces.

Employer administered Commonwealth Paid Parental Leave payments also helps encourage employers to "top-up" those payments with top-up pay, meaning employees receive their full pay whilst on parental leave.

⁷ Australian Unions, Parliamentary Briefing: Make Super Fair.

⁸ Women's Economic Equality Taskforce, A 10-year plan to unleash the full capacity and contribution of women to the Australian economy. <https://www.pmc.gov.au/sites/default/files/resource/download/womens-economic-equality-taskforce-final-report.pdf>

⁹ Ibid.

ASU Case Study – Barnardos Australia Enterprise Agreement 2022¹⁰

Barnardos Australia is a NSW children’s charity and employs approximately 745 workers.

The Enterprise Agreement contains the following Clause 58:

Paid Parental Leave – Barnardos Top Up

Permanent employees will be entitled to paid parental leave as follows: in accordance with the Paid Parental Leave Act (PPLA); plus for employees, eligible for payments pursuant to the PPLA who have also completed a minimum of 12 months of unbroken service with Barnardos, an additional fortnightly payment by Barnardos being the difference between the employee's ordinary rate of pay per week and the employees entitlement pursuant to the PPLA entitlement (this is to be known as the "Barnardos top up") for the period during which the employee is entitled to paid parental leave in accordance with the PPLA. [note: "ordinary rate of pay" does not include penalty rates etc].

A secondary carer is entitled to Barnardos paid parental leave of four (4) weeks (in an unbroken period) duration at their ordinary rate of pay, during the six (6) weeks immediately following the birth or adoption of the child..... Barnardos will 'top up' that payment to the ordinary rate of pay for secondary carer when on approved government paid Partner Leave.

ASU Case Study - Melbourne Legacy Enterprise Agreement 2022¹¹

Melbourne Legacy supports families that have been touched by a loved one’s service.

The Enterprise Agreement contains the following Clause 5.5:

Parental Leave

- a. Parental leave shall be provided in accordance with applicable legislation save for where this clause provides for a more generous entitlement.
- b. If an Employee is entitled to the 18 weeks' Government-funded Parental Leave Pay, the Employer agrees to top up this payment equivalent to the Employee's ordinary rate of pay during this period.

A change to how payments are made to workers may reduce employer incentives to provide additional payments and also limit workers ability to bargain for additional top-up payments.

A recent Senate Inquiry into *Potential impacts of the Commonwealth Paid Parental Leave Scheme on small businesses and their employees* recommended that Services Australia administer Paid Parental Leave for all small business (as defined by having fewer than 20 employees) except where small business opts to pay paid parental leave directly. This recommendation should be rejected in full. We support the Government Senators and Greens Senators dissenting report.¹²

Recommendation 4: The Commonwealth Paid Parental Leave scheme should continue to be paid by the employer, unless otherwise decided by the employee.

¹⁰ Barnardos Australia [Enterprise Agreement](#) 2022

¹¹ Melbourne Legacy [Enterprise Agreement](#) 2022

¹² The Senate, Education and Employment References Committee, Potential impacts of the Commonwealth Paid Parental Leave Scheme on small businesses and their employees
https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/PaidParentalLeave/Report