

Budget 2020 – Paid Parental Leave

Paid Parental Leave Overview

The \$130.4m allocated to increase the flexibility of the Paid Parental Leave Scheme and to help women and their partners navigate the COVID-19 Pandemic and plan their families is very welcome.

The Government has again missed an opportunity to complete unfinished business on paid parental leave in Australia, to ensure it is a key element in advancing gender equality, particularly since this was intended to be a nation-building Budget.

Paid Parental Leave

The Budget

One of the largest items in the 2020 Women’s Economic Security Statement is \$130.4m allocated to improve access to paid parental leave and increase the scheme’s flexibility. \$90.3m of this is a temporary response to COVID-19 disruptions relaxing the work test arrangements for parents to qualify for the payments. It applies to births between 22 March 2020 and 31 March 2021 and allows parents to qualify for the payment if they have worked at least 10 of the 20 months instead of the previous 10 of 13 months. (Budget Paper No. 2, 2020, p. 67). JobKeeper payments count as qualifying work for these purposes (Australian Government, Women’s Economic Security Statement 2020, Department of the Prime Minister and Cabinet, Office for Women, Canberra, 2020, p. 40).

Program 2.2 - Paid Parental Leave

	2019-20	2020-21	2021-22	2022-23	2023-24
	Estimated	Budget	Forward	Forward	Forward
	actual		estimate	estimate	estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
2.2.1 - Component 1 (Dad and Partner Pay)					
Special appropriations					
<i>Paid Parental Leave Act 2010</i>	129,681	146,088	144,708	146,976	150,186

Program 2.2 - Paid Parental Leave

Total component 1 expenses	129,681	146,088	144,708	146,976	150,186
<i>2.2.2 - Component 2 (Parental Leave Pay)</i>					
Special appropriations					
<i>Paid Parental Leave Act 2010</i>	2,269,882	2,130,994	2,138,474	2,264,339	2,378,717
Total component 2 expenses	2,269,882	2,130,994	2,138,474	2,264,339	2,378,717
Total Program expenses	2,399,563	2,277,082	2,283,182	2,411,315	2,528,903

Source: Department of Social Services Portfolio Budget Statement, Table 2.2.2, p. 75. See also: Department of Social Services Portfolio Budget Statement Table 2.2.1: Budgeted expenses for Outcome 2, p. 71.

The 2020 Women's Economic Security Statement also includes a 2018 Women's Economic Security Statement measure which was legislated and came into effect in July 2020. This measure increases flexibility and facilitates better sharing of time between carers, by allowing six weeks of leave to be taken flexibly at any time during the two years following the birth or adoption of a child (Australian Government, Women's Economic Security Statement 2020, Department of the Prime Minister and Cabinet, Office for Women, Canberra, 2020, p. 40).

Gender implications

Why is this an issue for women?

Paid parental leave is an essential support for women to balance their childbearing with paid work and to enable women to take the necessary time out of paid work to recover from childbirth and bond with their infant. It is such an essential provision it is included as a right in the United Nations Convention on the Elimination of All Forms of Discrimination Against Women. When Australia introduced its paid parental scheme, it was one of only two OECD nations, along with the USA, that did not have a comprehensive scheme. Since its introduction, the scheme has helped Australian women to balance their paid work and family obligations.

What are the 2020 Budget impacts on women?

The measures included in the 2020/21 Budget are very welcome adjustments to support women and their partners navigating the COVID-19 Pandemic and planning their families. The flexibility measures that came into effect in July are positive.

However, as NFAW noted in a July 2020 submission, the scheme as introduced contained a number of compromises. 'The review of the scheme in 2014 identified many areas where the scheme has improved outcomes as intended, but other areas where further thought and reform are necessary.' (National Foundation for Australian Women Submission to the Senate Community Affairs Legislation Committee Inquiry into the Paid Parental Leave Amendment (Flexibility Measures) Bill 2020, p. 5).

The overall cost of the Paid Parental Leave Scheme is projected to reduce for 2020/21 and 2021/22 since the Government estimates the fertility rates of Australian women will reduce in response to the Pandemic before climbing again from 2022/23. It estimates that in 2021/22, the Total Fertility Rate will drop to its lowest rate ever of 1.58. (Budget Paper No. 3, Appendix A: Parameters and Further Information, p. 86, 2020).

This modelling recognizes the effect of the economy and social services on the decisions Australian women and their partners make on whether to have a child.

It is therefore a pity that the Government did not take the opportunity to complete this unfinished business for Australian women and families in what was intended to be a nation-building Budget.

Recommendations

1. The Government should address outstanding issues around the Paid Parental Leave Scheme, including to implement outstanding NFAW recommendations to:
 - ensure all employees are eligible for 26 weeks leave at least at the minimum wage;
 - increase the duration of Dads' and Partners' Pay to at least four weeks;
 - include Superannuation Guarantee payments in parental leave and DAPP;
 - amend the National Employment Standards to address mismatch in the eligibility requirements for unpaid and paid parental leave;
 - model other changes that could be built onto these fundamental changes to the scheme; and
 - ensure the scheme encourages more equal sharing of paid and unpaid work between women and men.

References

Commonwealth of Australia (2020), Budget Paper No 2 2020–21: Budget Measures https://budget.gov.au/2020-21/content/bp2/download/bp2_complete.pdf.

Commonwealth of Australia (2020), Budget Paper No 3 2020–21 Appendix A: Parameters and Further Information https://budget.gov.au/2020-21/content/bp3/download/bp3_15_appendix_a.pdf.

Commonwealth of Australia (2020), Social Services Portfolio Budget Paper <https://www.dss.gov.au/about-the-department/publications-articles/corporate-publications/budget-and-additional-estimates-statements-budget-2020-21/portfolio-budget-statements-2020-21-budget-related-paper-no-112>.

Australian Government, Women's Economic Security Statement 2020, Department of the Prime Minister and Cabinet, Office for Women, Canberra, 2020 <https://www.pmc.gov.au/office-women/economic-security/wess>.

National Foundation for Australian Women Submission to the Senate Community Affairs Legislation Committee Inquiry into the Paid Parental Leave Amendment (Flexibility Measures) Bill 2020, <https://nfaw.org/news/nfaw-submission-into-ppl-inquiry-2/>.