

Enhanced Paid Parental Leave for Families

Regulation Impact Statement
Department of Social Services



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Introduction

Summary of changes

From 2023, the Government is introducing key changes that will provide working families increased choice and flexibility to decide what is best for them in managing work and care.

This document provides an analysis of the regulatory impacts of proposed amendments to the Paid Parental Leave (PPL) scheme.

This proposal seeks to introduce the following changes to the current PPL scheme:

- Combine the existing 2 weeks Dad and Partner Pay (DaPP) with the 18 week Parental Leave Pay (PLP) to create a single payment
- Provide up to 20 weeks of fully flexible payment to either eligible parent on days they are on leave or not working and are caring for the child
- Broaden the income test, to add a household income eligibility test of \$350,000 per annum.

The proposed changes will enhance the Paid Parental Leave scheme making it fully flexible and shareable for eligible working parents as they see fit. The Paid Parental Leave can be taken any time within two years of the birth or adoption of their child.

Combined, these changes will increase eligibility for financial support for working parents, which will further help families with raising children, as well as cost of living pressures. The enhancements will also support businesses - particularly smaller employers who may not be able to fund their own parental leave - retain valuable staff and negotiate flexible working arrangements.

The changes further remove barriers to women's workforce participation and assist to increase gender equality. It is estimated that around 2,200 new primary claimants, not previously eligible for PLP, extra parents will become eligible for PPL each year under these arrangements.

Under these changes, eligible fathers/partners will now be able to access up to 20 weeks PPL concurrently with paid leave from their employer, where available, in the same way women can under the current scheme.

Prior to implementation, consultation with key stakeholders will occur to help inform policy details, including eligibility criteria, as well as taking into account individual and/or exceptional circumstances, to ensure no existing eligible claimants are worse off.

Background

Following a public inquiry into paid maternity, paternity and parental leave, the Productivity Commission released its report, *Paid Parental Leave: Support for Parents with Newborn Children*, in May 2009. The report proposed a model for a Government-funded paid parental leave scheme.

The PPL scheme is closely based on the model proposed in the Productivity Commission report. A key difference is the inclusion of an income test in the PPL scheme, which was not included in the productivity model. The PPL scheme currently has an income test to target the payment to individuals with incomes below a certain threshold.

The PPL scheme is currently comprised of two payments:

- PLP— for up to 18 weeks at a rate based on the national minimum wage to eligible primary carers of a newborn or recently adopted child, and
- DaPP— for up to two weeks at a rate based on the national minimum wage to fathers and partners caring for a newborn or recently adopted child.

Detailed current policy settings for both payments are outlined below.

Current policy settings for Parental Leave Pay

The objectives of PLP are to provide financial support to primary carers (mainly birth mothers) of children, in order to:

- allow those carers to take time off work to care for the child after the child's birth or adoption,
- enhance the health and development of birth mothers and children,
- encourage women to continue to participate in the workforce,
- provide those carers with greater flexibility to balance work and family life.

PLP provides eligible working parents (usually birth mothers) with up to 18 weeks of pay at a rate based on the national minimum wage. PLP has two components: a PPL period of up to 12 weeks and six weeks of flexible PPL. The PPL period must be taken in one continuous block with no breaks in eligibility from the date of birth or adoption until the end of the PPL period. The PPL period must be fully paid within 52 weeks from the date of birth or adoption.

Flexible PPL can be taken any time after the PPL period and within two years from the birth or adoption, on days the primary carer is not working. It can be taken in multiple blocks as small as a day at a time and may include periods of work in between.

Full-time, part-time, casual, seasonal, contract and self-employed workers may be eligible.

Tax-payer funded PLP is usually delivered through employers to long-term employees in their usual pay cycle. Parents who do not receive PLP from their employer or who do not have an employer, receive the payments directly from Services Australia.

While primary claimants of PLP can combine their Government funded payment, with other employer provided leave, this not the case for DaPP claimants.

To be eligible for PLP on a day, a person needs to be the primary carer of a child and meet the work test, income test, residency requirements and must not be serving a newly arrived residents waiting period (NARWP) without an exemption. In addition, to be eligible for a PPL period a person must not have returned to work from the date of birth until the end of their PPL period. To be eligible for flexible PPL on a day a person must not be working on the day.

The Work Test

To be eligible for PLP, the primary claimant must have worked for both:

- 10 of the 13 months before the birth or adoption of their child, and
- a minimum of 330 hours (or around one day a week) in that 10 month period.

If coronavirus (COVID-19) affected parents' work, they may be able to use an extended work test when claiming the payment. Under these arrangements, to be eligible for PLP a claimant must have worked for 10 out of the 20 months before the birth or adoption of their child, allowing them to count work they did before COVID-19 affected their employment.

To further support parents, the Government amended the *Paid Parental Leave Act* to allow claimants to satisfy the PPL work test, where special circumstances exist (including for domestic violence, natural disaster or severe medical condition).

The amending PPL Rules were registered on 27 October 2021, with the discretionary power taking retrospective effect from 4 September 2021.

A number of other work test exceptions are also available. For example if claimants:¹

- have a pregnancy related complication or illness;
- experience premature birth;
- are employed in a dangerous job or where there are workplace hazards that pose a risk to the pregnancy.

Only certain activities count as qualifying work for the work test. Work includes:

- paid work on a day when the claimant has worked for at least one hour
- paid leave on a day, such as sick leave, annual leave and paid maternity leave, for a period of at least one hour.

Unpaid leave (including unpaid maternity leave) does not count as work.

Under amendments made by the Government, periods of JobKeeper Payment and COVID-19 Disaster Payment also count as work. For periods of JobKeeper Payment and COVID-19 Disaster Payment, a primary carer can count whichever of the following is greater:

- 7.6 hours for each weekday in the period, not including weekends;
- the number of hours actually worked each day, including weekends;
- the number of hours of paid leave each day.

Apart from full time work, the claimant could be engaged in any of the following and still meet the work test requirements:

- be a part time, casual or seasonal worker,
- be a contractor or self-employed,
- have multiple employers,
- have recently changed jobs or left a job, or
- have worked overseas.

For previous periods of PLP or DaPP that fall within the 13 month work test period, each weekday counts as 7.6 hours of work.

The Income Test

To be eligible for PLP, the claimant must have an individual adjusted taxable income of:

- \$150,000 or less in the 2019-20 financial year, or
- \$151,350 or less in the 2020-21 financial year.

In establishing whether a person meets the income test, Services Australia look at the claimant's income from the financial year before either:

- the date of birth or adoption, or
- the date the primary carer lodges their claim (whichever date is earlier).

The Residency Test

The claimant must also meet residence rules. When their child is born or adopted they must be living in Australia, and have 1 of the following:

- Australian citizenship

¹ For more information see: [Exceptions to the Parental Leave Pay work test - Parental Leave Pay - Services Australia](#)

- a permanent visa
- a Special Category visa²
- a certain temporary visa, for example a partner provisional or temporary protection visa.

Newly arrived residents may have to wait for two years before accessing PLP, with some exemptions. The two year period needs have ended before the birth or adoption of the child. For example, if a person's child was born on 1 April 2021, the parent would have to have been in Australia as a resident since 1 April 2019 to qualify.

Claim hierarchy

A primary claimant for PLP must be the birth mother of the child or an adoptive parent (or others in exceptional circumstances). A father or partner can claim PLP as a secondary claimant. In order for a secondary claimant to receive PLP, both the primary claimant and the secondary claimant must satisfy income, work and residency tests and NARWP requirements (if relevant).

If a birth mother does not satisfy the work and residency requirements or is serving a NARWP without an exemption, a father or partner cannot be eligible for PLP, even if he does meet these requirements.

Similarly, if a birth mother has an income over the relevant income limit, a father or partner cannot receive PLP, even if his income is below the income limit. Conversely, a birth mother with an income below the relevant income level can receive PLP, regardless of her partner's income.

Current policy settings for Dad and Partner Pay

The objective of DaPP is to provide financial support to fathers and partners caring for newborn or newly adopted children, in order to:

- increase the time that fathers and partners take off work around the time of birth or adoption,
- create further opportunities for fathers and partners to bond with the child, and
- allow fathers and partners to take a greater share of caring responsibilities and to support mothers and partners from the beginning.

DaPP provides eligible working fathers or partners with up to two weeks pay at a rate based on the national minimum wage.

- be caring for the child on each day of the period they receive DaPP,
- have met the income test (as per PLP requirement),
- have met the work test (as per PLP requirement),
- have met resident rules and be an Australian citizen or permanent resident, and
- not be working or taking paid leave during the DaPP period (except for allowable reasons). The role of employers in DaPP is to provide unpaid leave so that their eligible employees can access the payment.

There is no claim hierarchy for DaPP as it cannot be transferred. Birth mothers cannot be eligible for DaPP.

Both PLP and DaPP can be complemented by employer schemes. That is, employers can provide additional paid parental leave, either through company policy or enterprise agreements. While superannuation is not included in the PPL scheme, legislation does not prevent individuals from making voluntary superannuation contributions, or employers from contributing.

Employer-funded paid parental leave (either to both women and men, or to women only), is offered by 3 in 5 employers (60%) The Government-funded scheme is offered in addition to these arrangements (WGEA, 2022).

For the purposes of this payment, father or partner is defined as:

- child's biological father;

² For more information see: [Residence descriptions - Parental Leave Pay - Services Australia](#)

- partner of the birth mother;
- adoptive parent;
- partner of an adoptive parent, or
- person caring for a child born of a surrogacy arrangement.

In some circumstances, the person can also be eligible if they are the partner of the biological father or the partner of a new carer where care arrangements have changed (other than a foster care or permanent care arrangement). For more information on relationship types see: [Your relationship status - Dad and Partner Pay - Services Australia](#).

A person can still receive DaPP if they work for allowable reasons. For example, if the person needs to work to comply with a court ordered summons, is a defence force or law enforcement officer working due to a compulsory recall to duty, is a health professional, emergency services worker or other essential worker, responding to a state, territory or national emergency.

Access to parental leave continues to be highly dependent on the size and industry of the employer. Half of all employers reporting in the 2020-21 dataset offer paid parental leave for secondary carers—the average length of primary carer's leave is 10.8 weeks while the average length of secondary carer's leave is 2.3 weeks.

The data also showed that most employers offer paid parental leave regardless of gender. While 91% of organisations that provide primary carer's leave make no distinction between women or men taking that leave, 9% of organisations provide primary carer's leave solely to women.

Paid parental leave is most likely offered by large organisations, with 8 in 10 employers with 5,000 or more staff offering primary carer's leave to all, regardless of gender.

In terms of length of primary carer's leave, the most common length of paid primary carer's leave offered is between 7-12 weeks (23%). Less than 1 in 10 employers with paid parental leave offer 18 weeks or more.

Consistent with trend observed among DaPP claimants, men are less likely to take primary carer's leave. 2020-21 WGEA data shows that, while there has been an increase in the uptake of primary carer's leave by men (particularly amongst men in management roles), men are still less likely to use these benefits. Women account for 88% of all primary carer's leave taken and men account for just 12%.

Organisations that do not offer paid primary and secondary carer's leave (about 40% of all employers) claim they do not provide the payment on the basis that the current government scheme is sufficient.

Around 81% of employers offering paid parental leave also pay superannuation for parents while on paid leave: almost three quarters pay superannuation during the employer-funded parental leave, and 7% pay superannuation on both employer-funded and government funded parental leave.

1. What is the problem you are trying to solve?

Improving gender equality by supporting women's workforce participation through more PPL flexibility for working families

In Australia, and in many other countries around the world, social and cultural expectations still place the responsibility of caring for children primarily on women. Women taking on responsibility of care often leads to them being more likely to work part time, or remain out of the workforce for longer periods of time (often affecting or postponing their career aspirations). Men, on the other hand, tend to remain in full-time work.

This, in turn contributes to the gender wage gap, and enforces norms of the male breadwinner and female carer. Without adequate financial and cultural support for fathers to take periods of leave when their children are born, families usually revert to the more familiar traditional gendered roles in caring and working.

- Treasury's internal analysis shows that the arrival of children creates a large and persistent increase in the gender gap in earnings (the 'motherhood penalty'), averaging 55 per cent in the first five years following birth. This results from a result of the combination of mother's lower participation rates, reduced working hours and reduced hourly wage. These differences are not driven purely by economic reasons or differences in preferences between the genders. Around one-third of mothers are the primary breadwinner in their household prior to birth but these mothers experience a similar decline in earnings to mothers who are secondary earners prior to birth. Rather, they reflect cultural norms that reinforce the allocation of caring responsibilities in Australia, to the detriment of the opportunities available to both parents. KPMG estimates that care and family duties account for 39 per cent of the gender pay gap.
- In contrast, the proportion of men who use primary carer parental leave in Australia is very small (0.5 per cent of parents using the scheme in 2017-18 were men). In 2020-21, only 89,784 fathers and partners received DaPP (this accounts for only around 30% of births each year).

Without adequate financial and cultural support for fathers to take periods of leave when their children are born, families usually revert to the more familiar traditional gendered roles in caring and working.

The current PPL policy setting, which provides separate two week DaPP payment to fathers/partners and cannot be taken in conjunction with other paid leave as is the case for PLP may inadvertently reinforces gender inequities in caregiving.

We know that, in most families it is the women who access the government-funded scheme. However, with the current DaPP policy settings as they are, it can make it hard for fathers/partners to take significant time from their jobs to bond with and care for their baby.

WGEA reports reveal that when PPL is available, men are more likely to take it, and employers play a key role in normalising parents' utilisation of PPL and of flexible working arrangements for families.

To address this, the Government introduced flexibility changes from 1 July 2020. Under the changes, PLP is composed of a 12 week PPL period and six weeks of flexible PPL period. The first 12 week period has more rigid eligibility and transfer requirements, than the subsequent 6 week period which can be taken flexibly. This makes the current scheme more administratively complex, which could impact the take up of flexibility provisions by families. A more flexible scheme, which would remove this requirement, would support fathers to access parental leave, and help address these cultural factors that reinforce gender inequality.

Allowing working families more choice and flexibility to use the entitlement in a way that best supports their circumstances would allow mothers to return to work where they wish to do so.

Address the common assumption that the primary carer, usually the mother, is the lower income earner in a relationship

Current PPL policy settings do not fully reflect the fact that the composition of the workforce is changing. Under existing income testing rules, disparity in eligibility has emerged over time, depending on income distribution within a family. There are more women in work, and many work more hours than ever before. The number of women with a taxable income of more than \$150,000 more than doubled between 2010-11 and 2017-18— from 99,800 to 209,600.

Under the current income testing rules, families in which a mother earns up to \$151,350 can access PLP even if her partner earns a high income. Whereas, a family in which the mother has earned a little more than \$151,350 (even where the partner had no income or the partner income was much lower) would not be entitled to PLP, creating a disparity across families with different combined incomes. There are criticisms that the current scheme is unfair to families where the mother is the higher income earner, and her partner will be the primary carer for a child. Removing the expectation that the primary carer (usually the mother) is the lower income earner in the relationship would help to address those criticisms.

2. Why is Government action needed?

The PPL scheme is intended to complement employer-provided parental leave entitlements in order to extend the average length of leave taken by employed parents after childbirth and to provide a minimum entitlement for self-employed women and women without access to employer-provided leave. The PPL scheme is fully funded by general revenue and administered by the Commonwealth Government. The objectives of government action are outlined below.

Improve gender equity by removing barriers to women's workforce participation and address the common assumption that the primary carer, usually the mother, is the lower income earner in a relationship

Under the current income testing rules, families in which a mother earns up to \$151,350 can access PLP, even if her partner earns a high income, while families in which a mother has earned more than \$151,350 are not entitled to PLP, even where the partner's income is much lower.

Removing gender inequality would also facilitate more working mothers being able to share PLP access with their partner, if they want to return to work sooner. In turn, it will provide the opportunity for fathers/partners to take a greater role in caring for newborns.

Increase the flexibility for families to more time taken off after a birth or adoption while remaining connected to the workforce

In 2020-21, 89,784 fathers and partners received DaPP, accounting for around only 30 per cent of births each year, while more than 169,000 claimants received PLP. It is expected that in 2023-24, around 180,000 PLP recipients will benefit from the new policy change, with tens-of -thousands of working families being better off, as their partners do not currently claim DaPP. Ensuring families can access PPL, as it best suits their specific circumstances, will help families utilise the full duration of PPL available to care for their newborn.

Increase financial support after a birth or adoption

Increasing the financial support available to working parents will further help families with the cost of raising children as well as cost of living pressures.

3. What policy options are you considering?

Three policy options have been considered:

- **Option 1** proposes to retain current policy settings
- **Option 2** proposes to retain most current policy settings, but moving from an individual annual income test of \$151,350 Adjusted Taxable Income (ATI) to a family annual income test of \$350,000 ATI.
- **Option 3** proposes to amend current PPL arrangements by:
 - combining Dad and Partner Pay (DaPP) and Parental Leave Pay (PLP) into a single payment, increasing the PLP entitlement from 18 to 20 weeks;
 - making PLP entitlements fully flexible, to be shared between primary carers.
 - amending the income test to allow those who do not meet the individual income threshold (currently \$151,350 per annum) to still qualify for payment if they meet a family income threshold of \$350,000 per annum.

Each of the options is described in detail below.

Option 1 – Status Quo

Under this option, no amendments would be made to the PPL scheme, leaving the current policy parameters (as described in the background section) in place.

This option would see the PPL scheme continue to operate closely based on the Productivity Commission’s 2009 recommendations and settings. This option would not have any additional costs and would continue to support fathers and partners of the birth mother through their own specific payment and eligibility requirements, supporting all eligible claimants with a newborn or adopted child to make a claim for payment, without the explicit need for an eligible birth mother.

It would also provide the Government more time to consider and evaluate the introduction of the 1 July 2020 flexibility measure, and if take up of the option and transfers of payments to secondary claimants increases as more families become aware of these arrangements.

For a detailed description of current policy settings please refer to the Background section.

Option 2: Retain most of the current policy settings (as per Option 1), but replace the individual income limit of \$151,350 to a family income limit of \$350,000

From 2023, this proposal would keep most of its current policy settings, but move away from PPL individual income test of \$151,350 Adjusted Taxable Income (ATI) to a family income test of \$350,000 ATI. Indexation would commence for the new \$350,000 family income test from 2024-25.

Under this proposal, the claim hierarchy of the primary claimant (the birth mother) needing to meet the work and residency test, would remain as per the current policy setting. As part of the eligibility assessment the primary claimants (mother and/or father/partner) would then be assessed against the new family income test of \$350,000 per annum (with the individual income test of \$151,350 removed).

As per current policy settings, the mother would have to claim first, but be able to transfer PLP to an eligible father/partner, where they also make a claim.

Importantly, the father/partner would also need to meet the work/income and residency tests. As per current policy settings, the first 12 weeks would be retained as PLP period, with the remaining 6 weeks to be shared flexibly between the primary carers.

Mother can choose to use the entire 18 weeks, or transfer the entire or part of the PLP entitlement to the father if he is the primary carer.

As per current policy settings, the primary claimant (the mother) would not be able to return to work prior to the end of the 12 week PLP period, without forfeiting remaining PLP entitlement, or transferring the payment to the father/partner who would then become the primary carer.

Under this proposal, fathers/partners could still claim the two week Dad and Partner Pay, even if the primary carer (mother) does not meet the work test. For example, if she is a stay at home mum.

The changes will continue to support the health and wellbeing of birth mothers. Flexible PPL will be available to either partner on the days they are on leave from work and caring for their child.

This proposal would provide better targeting of PPL payments to families with a combined income of less than \$350,000 per annum, and deliver on the Government's commitment to ensuring a sustainable and targeted social security and welfare system.

This change would also help address criticisms that the current scheme is unfair to families where the mother is the higher income earner, and her partner will be the primary carer for a child. The number of women with a taxable income of more than \$150,000 more than doubled between 2010-11 and 2017-18 from 99,800 to 209,600.

Currently, in order for a father or partner to be eligible for PLP, both the mother and father or partner must satisfy the income test and have an ATI of \$151,350 or less. This means that if a mother earns over \$151,350, she cannot transfer the PLP entitlement to her partner even if his income is below \$151,350 and he is the primary carer of the child.

Under this proposal, families would no longer be ineligible for PLP based solely on the income of the mother. A primary carer father or partner would be able to access PLP if the mother earns over \$151,350, as long as their combined family income is less than \$350,000.

Option 3: Combine DaPP and PLP into a single payment, increasing entitlement up to 20 weeks, and amend the income test to allow claimants who do not meet the individual income threshold of \$151,350 to still qualify under family income test of \$350,000

From 2023, this proposal would seek to introduce a single scheme, that will combine DaPP into PLP. It will provide working families with access of up to 20 weeks of PPL that they can use in ways that suit their specific circumstances.

The new scheme will reduce the complexity to support families balance responsibilities. Eligible working parents will be able to share PPL entitlements between them as much, or as little, as works for their specific circumstances within two years of their child's birth or adoption. The changes will continue to support the health and wellbeing of birth mothers. Flexible PPL will be available to either partner on the days they are on leave from work and caring for their child.

A single PPL scheme will assist to further promote equality between mothers and fathers. Creating a single PPL scheme seeks to support increased equality of opportunity in relation to both work and care. It also continues to support the health and wellbeing of birth mothers, with women able to take the amount of leave that works for them.

The health and development objectives of the PPL scheme would also continue to be supported by retaining the current claim hierarchy, which requires that a birth mother claim as a primary claimant first, with the ability to transfer all or part of the entitlement to the father or partner. This allows the birth mother to keep the entitlement if she chooses. The claim hierarchy is described below:

- The primary claimant (birth mother) must meet the work test and residency requirements.
- The primary claimant (birth mother) will be assessed against the individual income test (currently \$151,350).

- If the primary claimant (birth mother) fails the individual income test, the claimant can be assessed under a family income test of \$350,000.
- If found eligible, the primary claimant (birth mother) can transfer PLP to an eligible father/partner, who also needs to meet the work/income and residency tests.

Once eligibility has been determined through the claim hierarchy:

- Families where both parents are eligible, 20 weeks of PPL could be shared flexibly between the parents.
- If found eligible the mother can transfer PLP to an eligible father/partner who also makes a claim for payment.
- Where only the mother is eligible, she would be entitled to 18 weeks PLP.
- Parents could not claim PPL for the same day but it could be shared within a week, for example split 3 and 2 days a week or 4 and 1 day a week between parents.

Refer to Section 1 for discussion of the problem this policy change is trying to address.

4. What is the likely net benefit of each option?

Option 1 – Status Quo

The Paid Parental Leave (PPL) scheme is intended to complement employer-provided parental leave entitlements in order to extend the average length of leave taken by employed parents after childbirth, and to provide a minimum entitlement for self-employed women and women without access to employer-provided leave. The PPL scheme is closely based on the scheme proposed by the Productivity Commission, an independent research and advisory body. In its 2009 inquiry report, the Productivity Commission recommended a Government-funded parental leave payment of 18 weeks, noting that the benefits of funding a payment for more than 18 weeks would not be worth the additional costs of forgone spending on other areas such as health and child care. The Productivity Commission also recommended a paternity leave payment of two weeks for fathers and partners.

The current PPL scheme is designed with flexibility at the front and centre of the policy, ensuring the primary carer of a child, whoever that may be, is supported. The Government has recently amended the PPL scheme to increase the flexibility of the PPL scheme by making it easier for the last six weeks of PLP to be shared between parents, and allowing it to be used any time within two years of the birth or adoption of a child, in blocks as short as one day.

It is important to note that many women may choose to take the full 18 weeks of PLP to spend time with their baby.

The significant take-up rate of PLP by women suggests that the PLP component has been effective in supporting working women financially. Latest data shows that since 1 January 2011, nearly 1.75 million people have received PLP, and the rate of take-up continues to increase over time. Data shows that the number of PLP recipients has grown from around 132,000 in 2012-2013 financial year, to around 170,000 annually, since 2015-15 financial year.

Similarly, we have seen an increase in DaPP claims, with around 750,000 fathers or partners receiving the payment since the measure was introduced. Take-up of DaPP has also increased steadily over time, from around 75,000 claimants per year following its introduction, to around 90,000 recipients each year now.

Evidence suggests that the DaPP entitlement, with its 'use it or lose it' characteristic, has incentivised many fathers and partners to take leave where they would not have otherwise. It has also allowed fathers and partners to take leave concurrently with mothers (who may be taking PLP) to support child-caring duties while mums recover from childbirth.

Evidence from an independent PPL evaluation, conducted by University of Queensland over a four year period, from 2010 to 2014, found that the introduction of PPL allowed mothers to take additional time away from paid work following the birth of their babies. The main effects of the scheme arise from the additional time mothers were able to take, and the financial security that was provided by a guaranteed income for up to 18 weeks.

Key evaluation findings were that:

- PPL delayed mothers' return to work during the first six months following a birth, so that more mothers stayed at home for at least 18 weeks after the birth of their baby.
- PPL also slightly increased mothers' tendency to return to work in the longer-term, so that more mothers had returned to work by 12 months after the birth of their baby.
- The impact of PPL in delaying mothers' return to work was most pronounced amongst lower income mothers and those with lower formal education, including those on casual employment contracts.
- PPL had a large effect in extending self-employed mothers' time off work during the first six months.
- PPL increased employers' retention of mothers when they returned to work. This effect was most pronounced amongst mothers with lower levels of formal education.
- PPL produced small improvements in mothers' health, extended breastfeeding duration, and probably improved babies' health slightly.

- The additional time and income security provided by PPL reduced the proportion of mothers who felt rushed and pressed for time, thus enhancing work-life balance.

Option 2: Retain most of the current policy settings (as per Option 1), but replace the individual income limit of \$151,350 to a family income limit of \$350,000

Under this option, around 4,300 mothers would cease to be eligible for PLP due to the inclusion of their partner’s income, there would be around 2,200 new entrants who would now qualify under the new family income test.

Impact on Individuals

The women losing eligibility would be earning less than \$151,350 per annum. The families gaining eligibility would typically be families with a female main income earner, earning in excess of \$151,350 with a partner earning income of less than \$200,000.

It is expected that around 300 fathers and partners would cease to be eligible for DaPP due to the inclusion of their partner’s income, and around 2,600 fathers and partners would gain eligibility due to the increase in the income limit from \$151,350 to \$350,000.

Estimating that it takes an average of 1 hour to complete a PLP claim form, and using the non-work-related labour cost of \$32/hour, this would result in a regulatory **save** for individuals of 1 hour x \$32 x -2,100 individuals = **-\$65,100**.

Estimating that it takes an average of 1 hour to complete a DaPP claim form, and using the non-work-related labour cost of \$32/hour, this would result in a regulatory **burden** for individuals of 1 hour x \$32 x 2,300 individuals = **\$73,600**.

The total **regulatory burden** for individuals under this measure is \$73,600 - \$65,100 = **\$8,500**.

Impact on Business

There would be a small regulatory save to business and individuals, with the net reduction on PPL recipients (4,300 mothers would cease to be eligible, while 2,200 would gain eligibility). Currently, around 65 per cent of PLP recipients receive their payment from their employer under the scheme’s employer role. It is expected that there will be around 2,100 fewer PLP recipients under this measure. Assuming 65 per cent of these also receive PLP from their employer, approximately 1,365 individuals will receive PLP from their employer.

Under this measure, employers of the 2,100 net parents no longer eligible for PLP would no longer to provide PLP to these recipients. The regulatory impact of this is expected to be minimal. It is estimated that it will reduce employers workloads by around 2 hours, with no longer having to process PLP payments for those employees. Using the work-related labour cost of \$73.05/hr, the regulatory **save** is expected to be 2 hours x \$73.05/hr x -1,365 employees = **-\$200,700**.

Regulatory burden estimate (RBE) table

| Average annual regulatory costs | | | | |
|--|-------------|------------|-------------------------|----------------------|
| Change in costs (\$ million) | Individuals | Business | Community organisations | Total change in cost |
| Total, by sector | \$ | \$ | \$ | \$ |
| Introduce a family income limit of \$350,000 | 8,500 | -\$200,700 | \$0 | -192,155 |
| Total | 8,500 | -\$200,700 | \$0 | -192,155 |

Social and Economic Impacts

Costs

It is expected that around 4,300 low-middle income mothers would cease to be eligible for PLP due to the inclusion of their partner's income.

The Government would save around \$80 million over 5 years.

Benefits

Changing to a family income test rather than an individual income test would equalise treatment of families with comparable household incomes, similar to the Family Tax Benefit (FTB) income test.

Under the current income testing rules, families in which a mother earns up to \$151,350 can access PLP, even if her partner earns a high income, while a single income family in which the mother has earned a little more than \$151,350 (even where the partner income was much lower) would not be entitled to PLP, creating a disparity across families with different combined incomes.

This proposal would provide better targeting of PPL payments to families with a combined income of less than \$350,000, and deliver on the Government's commitment to ensuring a sustainable and targeted social security and welfare system.

This change would also address criticisms that the current scheme is unfair to families where the mother is the higher income earner and her partner will be the primary carer for a child. Under this proposal around 2,200 higher income mothers would benefit.

Option 3: Combine DaPP and PLP into a single payment, increasing entitlement of up to 20 weeks, and amend the income test to allow claimants who do not meet the individual income threshold of \$151,350 to still qualify under family income test of \$350,000

Regulatory impacts

Under this option, the Government would invest \$346.1 million over 5 years to further enhance the Paid Parental Leave Scheme. It is estimated that in the first year of implementation, around 180,000 parents would benefit from the new measure, including around 2,200 new entrants who would not have qualified under current policy settings.

Combine DaPP and PLP into a single payment, increasing the entitlement to 20 weeks

Impact on Individuals

Under this measure, it is expected that around 94,000 DaPP claimants will no longer need to separately claim DaPP as well as PLP. Estimating that it takes an average of 1 hour to complete a DaPP claim form, and using the non-work-related labour cost of \$32/hour, this would result in a regulatory **save** for individuals of 1 hour x \$32 x 94,000 individuals = **\$3,008,000**.

However, it is expected that around 64,000 of these 94,000 claimants will claim PLP as a secondary claimant instead of claiming DaPP. Estimating that it takes an average of 1 hours to complete a PLP claim form, and using the non-work-related labour cost of \$32/hour, this would result in a regulatory **burden** for individuals of 1 hour x \$32 x 64,000 individuals = **\$2,048,000**.

In addition, it would take approximately 10 minutes for a primary claimant to transfer PLP to each of these secondary claimants. This would result in an additional regulatory **burden** for individuals of 0.17 hours x \$32 x 64,000 individuals = **\$348,160**.

The total **regulatory save** for individuals under this measure is \$3,008,000 - \$2,048,000 - \$348,160 = **\$611,840**.

Impact on Business

Currently, around 65 per cent of PLP recipients receive their payment from their employer under the scheme’s employer role. It is expected that there will be around 181,000 PLP recipients under this measure. Assuming 65 per cent of these also receive PLP from their employer, approximately 117,650 individuals will receive PLP from their employer.

Under this measure, it is expected that these employers will continue to provide PLP to these recipient’s, but for a period of up to 20 weeks rather than 18 weeks. The regulatory impact of this is expected to be minimal, as the extra two weeks for eligible claimants would be provided under existing systems and processes. It is estimated that it will take employers approximately an additional 10 minutes to process the additional 2 weeks payment to their employees. Using the work-related labour cost of \$73.05/hr, the regulatory **burden** is expected to be 0.17 hours x \$73.05/hr x 117,650 employees = \$ 1,461,036. The total regulatory burden for business under this measure is \$1,461,036.

Amend the income test to allow claimants who do not meet the individual income threshold of \$151,350 to still qualify under family income test of \$350,000

Impact on individuals

Under this measure it is expected that an additional 2,200 individuals will be eligible for PLP. Based on an estimated 1 hour to complete the claim form, this would result in an estimated regulatory burden for individuals of 1 hour x \$32 x 2,200 individuals = \$70,400.

Regulatory burden estimate (RBE) table

| Average annual regulatory costs | | | | |
|--|-------------|-------------|-------------------------|----------------------|
| Change in costs (\$ million) | Individuals | Business | Community organisations | Total change in cost |
| Total, by sector | \$ | \$ | \$ | \$ |
| Rolling DaPP into PLP: Fully Flexible Paid Parental Leave | -\$611,840 | \$1,461,036 | \$0 | \$849,196 |
| Allow families to qualify under the current individual income limit of \$151,350, or a family income limit of \$350,000 | \$70,400 | \$0 | \$0 | \$70,400 |
| Total | -\$541,440 | \$1,461,036 | \$0 | \$919,596 |

Social and Economic Impacts

Costs

By combining DaPP with PLP, the Commonwealth ultimately gives the choice to families, but some fathers may also be dis-incentivised to utilise PPL. Both domestic and global evidence suggests that when given a choice to nominate a primary carer to take leave, fathers would commonly transfer their rights to mothers. Despite the increased flexibility for fathers to use PPL under the proposed policy, the likelihood of fathers using the scheme without a ‘take it or leave it’, non-transferrable component is small according to current usage patterns.

An equal system of PPL is just one step of the journey to a parent equality model. Cultural change is essential. For example, it is important that men do not feel a stigma for taking leave.

It is expected that around 30,000 DaPP recipients, who under the current scheme can access two weeks of DaPP payment when their partner does not meet the work test, would not be eligible under this measure. These are mostly fathers who are the sole income earners of the family, whose partners do not meet the primary claimant's work test to qualify for the revised PLP scheme. Further measures will be considered during the consultation period to mitigate the effect on these individuals.

Benefits

Increasing the eligibility access and duration of payment under the scheme will further assist families with cost-of-living pressures. In particular, in 2023-24, up to 180,000 families who would typically access PLP but not DaPP, would benefit from the policy change. This is particularly beneficial to single mothers, who currently have access to PLP but not DaPP. The changes to the income threshold will also provide access to the payment to around 2,200 new entrants (typically higher income mothers), and around 2,600 dads and partners in 2023-24, who previously could not access the scheme. Increased flexibility to balance work and care in a way that best suits family needs may also assist families to have the more productive and higher paid member of the household return to work, regardless of their gender, boosting family incomes and productivity in the broader economy.

These changes would also equalise access to PPL. Unlike under the current DaPP policy, dads and partners would be able to access the Government's PLP scheme at the same time as any employer-funded leave, as is the case for Parental Leave Pay, which is currently predominantly used by mothers.

Changing the scheme will assist individuals by increasing the fairness of the income test, and removing the incorrect assumption that mothers are not the breadwinner in a relationship. The current PPL has been criticised for not supporting gender equality.

The composition of the workforce is changing and under existing income testing rules gender disparity in eligibility is evident. Depending on income thresholds, a mother who earns more than the father/partner can be ineligible for PLP. Mothers who earn up to \$151,350 can access PLP even if her partner earns a high income, but a family in which the mother has earned more than \$151,350 (even where the partner had no income or the partner income was much lower) is not be entitled to PLP. Addressing the income test to allow mothers to access the family income test, if needed, increases the flexibility, which will better support equality of opportunity for working mothers and fathers/partners and alleviate the risk of the scheme being seen as discriminatory.

Generous and flexible paid parental leave policies are used by many businesses to recruit and retain skilled staff. However, many Australians work for small businesses or are self-employed, and are therefore unlikely to be able to access these schemes. Increasing the generosity, flexibility and eligibility for the Government scheme increases the base on conditions parents are entitled to after birth, and helps small businesses to continue to retain valued staff after childbirth. Increasing the flexibility of the scheme also increases the likelihood that the government scheme complements employer-funded schemes. It may also encourage more private employers to increase the generosity and flexibility of those schemes, complementing the Government scheme, further benefiting new parents.

A single flexible PPL scheme will help address expectations that women are predominantly responsible for child care post birth, and taking time out of the labour force to care for children. Creating a single PPL scheme seeks to support increased equality of opportunity in relation to both work and care. These changes would also equalise access to PPL, with eligible dads and partners being able to access the Government's PPL scheme at the same time as employer-funded leave, as is the case for Parental Leave Pay, which is currently predominantly used by mothers. One reason why take-up of DaPP was relatively low may be because the replacement wage of the payment at minimum wage was unaffordable for some families. Under current policy settings, DaPP cannot be taken in conjunction with other leave. The ability to receive paid leave from an employer concurrently with PLP increases the replacement wage available to fathers, and may therefore encourage more fathers to utilise PPL, where it best suits their family. Encouraging more equal sharing may have significant benefits for women's participation and the broader economy. Greater engagement of fathers early in children's lives is also beneficial for child development, and to the mental wellbeing of fathers.

Risks and Sensitivities

While the PLP entitlement defaults to the birth mother, she is able to transfer some or all of it to her partner, if they take on primary care of the child and meet the eligibility requirements. This will allow fathers to access all 20 weeks of PLP, if that is the family preference. There may be a risk that one parent may use all 20 weeks entitlement as that is what suits the family's needs. While the Government considers that families should be in charge of their choices, advocates of greater engagement by both parents may see this as a disadvantage.

5. Who did you consult and how did you incorporate their feedback?

Consultations to date

To date, the department has consulted within the government.

While there has been no public consultations on specific PPL policy proposals (as a whole) in this document, each option has been informed by public feedback and calls for the Government to reform the Paid Parental Scheme. This includes:

- ministerial correspondence,
- media articles,
- pre-budget submissions from stakeholders,
- petitions from members of the public (including those formally presented to parliament),
- feedback from industry groups, and
- feedback from research bodies and think tanks.

The table below list some of those sources.

| Source | Quotes |
|--|--|
| Grattan Institute – Dad Days Report | <p>“The income and work tests that people need to pass to get leave should be changed to make leave available to a broader range of families. The income test should be based on household income rather than the mother’s income. This would remove one of the inequities in the current design, where households with male breadwinners are favoured over households with female breadwinners. The income threshold would need to be increased accordingly, and could be set as to exclude a similar proportion of very high-income households.”</p> |
| KPMG and Business Council of Australia – Enhancing work-life balance: A better system of Paid Parental Leave | <p>“Preferably the scheme should not be means tested and should be used to promote all parents to move to a caring equality model even where one parent earns less than another”</p> |
| | <p>“the birth mother is still the gatekeeper”. “Which creates some anomalies: if there’s a family where a woman earns \$155,000 a year and her husband earns \$40,000, and they decide that the father will be the primary carer, they’ll be ineligible for paid parental leave because the woman earns too much to apply, and thus can’t transfer the leave to her husband. But in a family where the gender positions are reversed, it’s not a problem; the birth mother earns less than the cut-off and is easily eligible,”</p> |
| The 'infuriating' rule that penalises breadwinner mums and stay-at-home dads – Sydney morning herald | <p>The rule is an “unintended consequence” because when the scheme was designed 10 years ago the notion of stay-at-home fathers were “an afterthought”. – Parents at Work chief executive Emma Walsh. New mother Anastasia Smietanka was “infuriated” by the gender inequality. As a barrister in Melbourne she earns over the \$150,000 threshold, while her partner Nick Lovelock, 33, earns half her salary as a management consultant. If the roles were reversed, Ms Smietanka would qualify for the payment. “I was quite outraged that I was being penalised as someone that chose to go back to work and the government just assumed or expected that families would have a father that goes back to work and the mother wouldn't,” Ms Smietanka said. “I like to work more, I wanted to go back after six weeks and Nick wanted to stay at home.”</p> |
| 'It's bizarre': Calls for 'discriminatory' law which penalises female earners and stay-at-home dads to be re-examined – 9 news | <p>"This is clearly discrimination in the sense of somebody is being treated less favourably than someone of a different sex because of their sex," – Sydney University Associate Professor Belinda Smith. "I am a woman in STEM, a physicist, fortunate to be well paid. My husband is self-employed on very low income. He was not able to get any support to be a stay-home dad, while a couple in the same situation with genders reversed would have access without question," - Melbourne medical physicist Leah Biffin.</p> |
| Rudd Government's parental pay scheme 'unfair to high-income earners' – News.com.au | <p>"... pregnant women may attempt to manipulate their own income to meet the income test...While this may seem fanciful, we are aware of one instance where a pregnant lawyer negotiated with her employer to defer the payment of a bonus into the following tax year so that she would fall within the income test." - Women Lawyers' Association of NSW. "If you're a woman earning \$160,000 and you are a sole mother or the main breadwinner you don't get any payment, but a woman earning \$40,000 whose partner earns \$160,000 would be eligible - it seems a bit rich." – Sue Price, PwC.</p> |
| 'Like a kick in the teeth': Growing calls to change 'ridiculous' parental leave rule | <p>“A payout from her previous employer earlier in the year, including long service leave entitlements, meant her income came in just above the \$150,000 threshold. Mr Baker, who was working as an electrician at the time and earning less than \$150,000, always planned to become a stay-at-home dad when Willow was born. "It sort of made sense with the wage gap between me and Natasha that I would be the one to take time off work. It was a great opportunity for me to stay at home," Mr Baker said.... "I don't see why the man can't be paid. "It's not called mother's leave anymore like it used to be. It's called parental leave.... "It's ridiculous. Everyone is pushing women to go back into the workforce for the greater good and they are not rewarding them for that.”</p> |

| | |
|---|--|
| <p>The inherent sexism in our paid parental leave scheme – women’s agenda</p> | <p>If we want diverse businesses, equal pay and for parents to have choice on who stays home with the baby, then we need the government to amend this scheme. Maybe we need a family income test instead, like the one used for the childcare subsidy assessment, but if that meant that less parents would be provided paternity leave the answer is quite simple. Remove gender from the equation and assess the income of the parent wanting to stay home with their child.</p> |
| <p>Sarah Bailey Petition</p> | <p>Dr. Bailey Sarah started an online petition in 2021 calling for changes to be made to the government’s parental leave scheme, which received over 5,500 signatures.</p> |
| <p>Workplace Gender Equality Agency (WGEA)</p> | <p>Insights from the WGEA 2020-21 census on gender equality for employers of 100 or more employees show that: 3 in 5 employers are now offering paid parental leave, the vast majority of those making paid leave equally available for both parents. It also shows that 6 per cent of employers offer more than 18 weeks, although the most common length of paid primary carer’s leave is between 7-12 weeks (23% of employers). Large organisations are the most likely to offer paid parental leave, with nearly 9 in 10 employers of 5000+ staff (85%) paying parental leave, compared to 54% of organisations with 250 staff and less.</p> <p>The latest WGEA dataset is available to view on a new interactive data visualiser tool from February 2022, at data.wgea.gov.au.</p> |

Planned consultations

Prior to the commencement of the new policy, it is envisioned that a limited consultation process will occur with key stakeholders, including parent groups.

This consultation would need to occur before the 2022-23 MYEFO process, to ensure that unintended consequences resulting from the policy design, could be addressed and rectified (if needed) and allow time for legislation and implementation changes.

Consultation could comprise consideration of a number of issues, including:

- Whether and how to address the expected 30,000 potential losers, currently claiming DaPP that would not have an eligible PLP primary claimant to transfer payment to the father/ partner.
- Whether further action is required by the Government to ensure that mothers transfer some entitlement to an eligible secondary claimant, particularly given the administrative data indicates that more than 99% of primary claimants do not transfer entitlement, despite the ability to do so.
- Impacts on the employer's role in administering payments to staff while on leave.

Key messages would be delivered through a range of channels. Channel selection will be informed by research, but are likely to include:

- Stakeholder forums
- Advertising
- Information products, including infographics, factsheets and targeted flyers
- Direct communication, including letters provided by Services Australia
- Web content and webinars
- Social media
- Stakeholder and intermediary communication
- Media releases and engagement
- Editorials
- Third party endorsement.

It is proposed that a communication plan could be delivered in phases, and comprise the following key activities:

- Phase 1 – market research, communication strategy and activity development,
- Phase 2 - soft launch of communication activities to stakeholders,
- Phase 3 – launch advertising, public relations and stakeholder communication activities,
- Phase 4 – intensive and direct communication to expecting parents and employers informing them of the changes, and
- Phase 5 – wrap up communication activities and transition to business as usual.

6. What is the best option from those you have considered?

Option 1: Status Quo

Under this option, no amendments would be made to the PPL scheme, leaving the current policy parameters (as described in the background section) in place. This option would see the PPL scheme continue to operate closely based on the Productivity Commission's 2009 recommendations and policy settings. Although the current design of the PPL scheme largely operates to support the objectives of the scheme, issues have been identified since commencement of the scheme, as discussed in section 1. Continuing to operate the scheme under its current design would leave these issues unresolved.

Option 2: Retain most of the current policy settings (as per Option 1), but replace the individual income limit of \$151,350 with a family income limit of \$350,000

While Option 2—which would retain most of the current policy setting, but replace the individual income limit of \$151,350 with a family income test of \$350,000—would go some way towards providing greater equity for families with similar incomes, it would also result in some mothers losing their eligibility to PLP. Specifically, the new family income test results in twice as many mothers on low-middle incomes (around 4,300) losing entitlement to PLP, while around 2,200 higher income mothers who would now benefit from the changes, solely based on their partner's income. It would also introduce inequities in the system between single parents and coupled families.

This unintended consequence, can be addressed by allowing parents to choose between an individual income test of \$151,350 or a family income test of \$350,000, which is proposed under Option 3.

Option 3: Combine DaPP and PLP into a single payment, increasing entitlement to 20 weeks, and amend the income test to allow claimants who do not meet the individual income threshold of \$151,350 to still qualify under family income test of \$350,000

Option 3, which would introduce the below listed changes to the PPL scheme from 2023, is the best option.

- Combine Dad and Partner Pay (DaPP) and Parental Leave Pay (PLP) into a single payment, increasing the PLP entitlement from 18 to 20 weeks.
- Make PLP entitlements fully flexible, to be shared between eligible primary carers.
- Amend the income test to allow those who do not meet the individual income threshold (currently \$151,350 per annum) to still qualify for payment if they meet a family income threshold of \$350,000 per annum.

These changes would not only provide working parents with increased choice and flexibility to support families raise children and help with the cost of living pressure, it would also help address the unintended consequence of mothers (on low-medium incomes) being precluded from being able to claim PLP, because of their partner's income.

It would also support businesses retain valuable staff and negotiate flexible working arrangements with employees. In addition, the proposed changes would support increased gender equality, by making it easier for fathers and partners to access the payment, challenging gender inequities in caregiving. Under this option, eligible fathers/partners will be able to

access PPL concurrently with paid leave from their employer, where available, in the same way women can under the current scheme.

Creating a single PPL scheme seeks to support increased equality of opportunity in relation to both work and care. It will also support increased equality of opportunity in relation to both work and care by allowing more equal access to Government-funded parental leave after the birth of a child.

The health and development objectives of the PPL scheme would also continue to be supported by retaining the current claim hierarchy, which requires that a birth mother claim as a primary claimant first, with the ability to transfer all or part of the entitlement to an eligible father or partner. This allows the birth mother to keep the entitlement if she chooses.

Combining DaPP with PLP would also provide greater opportunities for fathers and partners to be more engaged in the early years of their child's life.

This option would also address criticisms that the current scheme disadvantages families in which the birth parent is the higher income earner in a relationship. Under this option, women who earn over the individual income threshold will be able to qualify for payment, however, only if their combined family income is below the family income threshold, ensuring that the scheme is not extended to parents with a combined high income.

This income test will also support more fathers and partners to access the payment in families in which the father/partner is the lower income earner and intends on taking on primary care of the child.

This option supports these benefits while continuing to provide an income cap on eligibility and without excluding lower and middle income earning women from the scheme, as would occur under option 2.

7. How will you implement and evaluate your chosen option?

Implementation Process

The implementation will be informed by the consultation process (described in Section 5), which would inform the development of the finer policy details of the changes.

Implementation of the preferred option (option 3) will require significant system changes for Services Australia, who administers the payment. The department would work closely with Services Australia to ensure the system changes accurately reflect changes to the policy, including setting up a working group to identify and mitigate risks and refine micro policy. Both departments have extensive experience in working together to implement changes to the PPL, family assistance and social security systems in general.

As PPL can be claimed up to 97 days before the expected date of birth or adoption of a child, system changes would need to be implemented at least 97 days prior to the commencement date of the proposal to ensure that claims received within this 97 day period can be assessed under the new rules.

Additionally, the preferred option would require significant changes to the PPL legislation. These changes would be drafted by the Office of Parliamentary Counsel, in close consultation with the department.

A communication campaign will be developed to help raise awareness about the proposed changes to the scheme. The advertising component will commence 3-6 months before the implementation of the scheme to ensure that parents who are expecting or who are planning a pregnancy are aware of the changes to the scheme..

Evaluation Process

The new parental leave scheme should be evaluated, to assess parental take-up, how families are using leave, fathers' involvement in care beyond the leave period, and whether the scheme has yielded benefits in terms of family satisfaction, child development, and women's workforce participation.

This evaluation should guide changes to the design of the scheme, such as extending the duration and increasing the rate of pay to drive take-up – in line with best practice internationally – if workforce participation and social and other benefits are evident.

In particular, an evaluation of the scheme should consider whether significant gains could be made from encouraging more fathers to take primary care time, which has been found to facilitate a shift to more equitable co-parenting.

Cost of an evaluation would need to be sought separately.

Purpose of the evaluative and data analytic activity

The evaluation and analysis are to support the department to demonstrate accountability, assess performance and develop learnings applicable to PPL scheme. Specifically, to provide insights on whether changes to the PPL scheme are targeted appropriately, and whether intended increased support and flexibility optimisation has occurred.

The evaluation will be conducted in close consultation with relevant stakeholders.

Evaluative Approach

The proposed evaluation approach is a mixed and multiple method approach designed to develop findings through the use of:

- department analytical expertise,
- relevant existing academic and grey literature, and
- experiences of impacted PLP recipients.

The proposed evaluation strategy utilises a rapid sequential component based approach to support the development of early insights from relevant literature to target analytic activity. Analytic activity will support the targeting and design of qualitative data collection from PPL recipients. This design is intended to maximise the complementarity of the three sources of information.

The evaluation will include the following elements:

- **Evaluation planning** will include an evaluation inception meeting, the development of a project plan (evaluation framework, instrument design, and risk and stakeholder engagement strategy), and status reporting. Planning will include revision points to allow for flexibility in approaches and design.
- **HREC Ethics Approval** will be required as the program deals with a variety of clients across multiple sites.
- Consistent with government requirements for procuring entities to undertake research and/or evaluation projects involving human subjects as part of the services, the Provider must:
 - seek and obtain ethical clearance from a Human Research Ethics Committee (HREC) prior to undertaking evaluation activities;
 - not undertake the evaluation activities without that clearance; and
 - adhere to the requirements for the protection of personal information set out in the Privacy Act 1988.
- **Literature Review** to review the paid parental leave literature to target and interpret analytical outputs and contextualise the wider evaluative activity.
- **Data collection and analysis** will include a mixed method (qualitative and quantitative) approach to better develop insights regarding PPL payment targeting, levels of support and optimisation of flexibility optimisation has occurred. This includes primary data (interviews with key stakeholders including recipients) and analysis of secondary data (administrative data, with the inclusion of other relevant reviews).
- **Evaluation reporting** will include a presentation of findings and report. Reporting will inform department learning, and support program accountability and performance assessments to support decision making and identify future improvements and opportunities for the department.

Justification

Support the Department of Social Services to meet its accountabilities and obligations under the Public Governance, Performance and Accountability (PGPA) Act 2013 and the enhanced Commonwealth Performance Framework, including maximising learning from the measure.

Undertaking the evaluation activities detailed in this costing will maximise department learnings from these innovative measures and provide information to demonstrate accountability and assess payment targeting.

The proposed methodology (and associated costs) reflects recent 'lessons learnt' from a variety of sources regarding best approaches to capitalise on internal department capability and external Supplier independence. This methodology will maximise the value extracted from both.

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