



**REGIONAL
AUSTRALIA
INSTITUTE**

SUBMISSION

**PAID PARENTAL LEAVE AMENDMENT
(MORE SUPPORT FOR WORKING
FAMILIES) BILL 2023**

DECEMBER 2023

ABOUT THE REGIONAL AUSTRALIA INSTITUTE

The RAI is Australia's only independent think-tank dedicated to research and activation to inform regional policy and investment.

Established in 2011, for more than a decade the Institute has been researching topics relevant to the prosperity and success of regional Australia including migration and population; regional employment; jobs and skills; population; housing and health.

The RAI exists so that decision-makers at all levels of government, industry and community have the information they need to ensure the best outcomes for regional Australia.

Our purpose is to empower regions to thrive.

OUR MEMBERS

The RAI has an extensive network of businesses and organisations through its membership:

The Regional Australia Council: (a cohort of leading corporate entities with a footprint in and a commitment to regional Australia) and the Regional Activators Alliance: (more than 30 local government organisations, RDAs, and economic development associations). Both membership groups were involved in the design and launch of the Regionalisation Ambition and support the housing targets.

The RAI has also established the National Alliance for Regionalisation, an alliance of 32 of Australia's leading peak industry bodies who similarly support the targets and aspirations of the RAI's Regionalisation Ambition 2032.

These networks provide the RAI with a unique, 'lived' understanding and experience of the issues impacting regional Australia.

REGIONALISATION AMBITION 2032

Based on more than a decade of research into the most important issues influencing the regions, in 2022 RAI launched the Regionalisation Ambition 2032 - A Framework to Rebalance the Nation.

Designed for all levels of government, industry and the community, the Ambition seeks more balanced growth across our nation's regional communities and capital cities. The Framework underpinning the Ambition outlines cross-cutting themes and five pillars each of which are interlinked and equally important. Across each pillar the RAI has outlined key targets, actions and benefits that will contribute to building prosperous regional communities, and a stronger Australia.

In the liveability pillar of the Framework, the Ambition sets a target to address current housing shortages which is to increase rental vacancy rates in regional areas to above 3% and to ensure annual building approvals keep pace with population growth.

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This submission draws on RAI research and findings from its work across Australia. It's intended to inform the Care and Support Taskforce as it pertains to regional Australia. No responsibility is accepted by RAI Limited, its Board or its funders for the accuracy of the advice provided or for the quality of advice or decisions made by others based on the information presented in this publication.

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

The provisions outlined in the *Paid Parental Leave Amendment (More Support for Working Families) Bill 2023* (the Bill) are a fundamental step forward in family support and gender equality. The Regional Australia Institute (the RAI) support the increase in Paid Parental Leave (PPL) and further the extension of the ‘use it or lose it’ reserved period. In responding to recommendations of the Women’s Economic Equality Taskforce (WEET), the Bill provides a more equal foundation by which cases of parents in partnerships will be encouraged to more equally share childcaring duties.

The RAI’s *Against the Odds: Realising Regional Australia’s Potential* highlights many of the inequalities faced by people with dependent children in accessing the workforce. The headline workforce participation figures of people with children in the workforce is optimistic as an average of 83.7% in the regions and 82.7% in metropolitan areas participated in the workforce. However, the true story behind this central data is only found when applying a gendered perspective.

In 2020-21 250,000 regional women reported wanting to work or to work more hours, with 25% citing ‘caring for children’ as the main barrier for both. With women who have a child or children aged under 15, the figure grew to 50% under the same metric. In contrast only 0.2% of men cited childcare as being the main barrier of entry to the workforce¹. This comparison highlights the disparity between men and women with dependents, and subsequent workforce participation. Strategies that address dependence related barriers of entry to the workforce must not shy away from addressing overall gender barriers. The new flexible PPL system provides a foundation for equal parental leave, now there must be a cultural and social change to use the system to its equitable potential.

Early Childhood Education and Care and Paid Parental Leave

PPL is only one of the aspects of child dependent parents’ access to the workforce and must not be addressed in isolation. The RAI has maintained a strong position in universal access to Early Childhood Education Centres (ECECs) and further reaffirms this barrier as the primary barrier of parental workforce participation in the RAI’s *Against the Odds* report². Transitioning dependants from PPL to ECEC can be impossible for parents who live in childcare deserts, and by extension transitioning parents from PPL to workforce participation cannot be achieved if there are no ECEC services. Given the gendered divide between parental leave claimants, the access to ECEC services will compound the gender disparity already present in PPL. Generally, ECEC and PPL are approached separately, however it is evident that the two fundamental choices for childcare be addressed holistically.

While potentially beyond the scope of what this Bill addresses, there must be further discussion as to how alterations in PPL could address inequitable access to ECEC. The RAI’s [Regionalisation Ambition 2032](#) identifies a target of halving the population classified as living in a regional childcare desert (to below two million down from 3.6 million) as critical to increasing the liveability

¹ Hutchinson, D., Block, A., Robin, S., Cheng, Y., Shi, C., Zou, Z. (2023) *Against the Odds – Realising Regional Australia’s Workforce Potential*. Regional Australia Institute. Canberra. p. 81.

² Hutchinson, D., Block, A., Robin, S., Cheng, Y., Shi, C., Zou, Z. (2023) *Against the Odds – Realising Regional Australia’s Workforce Potential*. Regional Australia Institute. Canberra. p. 88.

of regional Australia³. As of the Institute's *1 Year Progress Report*, the number of childcare services in regional Australia increased by 5.2% between 2021 and 2022 compared to 2% in major cities⁴. While progress is encouraging, the gap between regional and metropolitan Australia will require significant public sector attention to remedy.

The RAI recommends further research and policy focus should be granted to show how PPL and ECEC could address shortcomings in each program. A potential avenue would see PPL include transitional provisions that account for the inadequacies of regional ECEC services. Parents, in particular women who were originally on paid parental leave are forced to remain on unpaid parental leave in lieu of adequate childcare services. This is a two-fold problem as not only is workforce participation limited, but parents are no longer being paid for parental leave. There could be a short-term provision for regional parents in thin ECEC markets to access more PPL, while markets remain thin.

The RAI does not by any means endorse extended PPL as a long-term replacement of ECEC services, as that would perpetuate barriers for workforce participation. Rather, there should be consideration given to cases in which ECEC is not available and how paid parental leave could at least remove the financial burden that is caused by unpaid parental leave on regional families. As a short-term provision, extended PPL could bridge the gap between the current struggles of regional families and the Government's implementation of universal ECEC.

Addressing regional ECEC inequities must be the next priority of the Government's reforms to the childcare sector, complimenting the changes to the PPL system. The Productivity Commission ECEC inquiry *A path to universal early childhood education and care: Draft report*⁵, provides an important recognition of the effect of childcare deserts. The Women's Economic Equality Taskforce Final Report (the WEET Final Report) further recommends universal, high-quality, and affordable ECEC as critical to economic equality in genders⁶. The Parenthood's report '*Choiceless: The plight of parents in accessing regional, rural, and remote early learning and care*'⁷, and the RAI's *Maranoa and Western Downs childcare study*⁸ provide regional specific perspectives on inequity of access to ECEC services. While beyond the scope of the PPL Amendment Bill, it is still important to recognise that a holistic approach is required to truly remedy gender and regional inequities.

³ Regional Australia Institute. (2022) *Regionalisation Ambition 2032 – A Framework to Rebalance the Nation*. Regional Australia Institute. Canberra.

⁴ Regional Australia Institute. (2023) *Regionalisation Ambition 2032: 2023 Progress Report*. Regional Australia Institute. Canberra.

⁵ Productivity Commission. *A path to universal early childhood education and care: Draft report*. Productivity Commission. Canberra.

⁶ Women's Economic Equality Taskforce. (2023) *Women's Economic Equality Taskforce: Final Report*. Department of the Prime Minister and Cabinet: Office for Women. Canberra.

⁷ Butler, M. (2023) '*Choiceless: The plight of parents in accessing regional, rural, and remote early learning and care*'. The Parenthood.

⁸ Regional Australia Institute. *Maranoa and Western Downs childcare study*. Regional Australia Institute. Canberra.

Superannuation to be paid with PPL

As a recommendation of the WEET Final Report, superannuation must be paid on PPL, especially given the context of females in partnered arrangements disproportionately sharing the burden of parental leave. There is an approximate 23% gap in superannuation balances between men and women at the age of retirement. Specifically, at 60-64 years-old the average man has approximately \$181,000 compared to \$139,000 for women in superannuation⁹. Moreover, single parents are particularly impacted by this loss as there will be no contribution to superannuation at all for at least 26 weeks. Partnered families can at least gain one stream of superannuation when the non-caring parent is working. Of the 7.5 million families in Australia in June 2023, 14.7% were single parent families, and of those families, 83% were single mother families¹⁰. Again, this comparison demonstrates how gender inequities are compounded by the current inadequacies of PPL, especially when considering single parent families.

While providing superannuation on top of PPL will inflate the fiscal costs of the current program, the increased superannuation balance should offset the current costs in alleviating fiscal pressure from future pension claimants. Due to lower superannuation balances women are more likely to rely on the pension in retirement¹¹. In the current context of disproportionately divided parental leave and the significance of single parent families, the introduction of superannuation into the PPL system will directly target superannuation inequity.

Conclusion

The RAI recommends that the Bill be passed in its current form, with consideration to further the wider PPL and ECEC policy reforms. People with dependent children and mothers in particular, are under-represented in our workforce and are a key demographic that could unlock our regional workforce potential. As of November 2023, the advertised internet regional job vacancies recorded 87,600 vacancies, which is encouragingly down from the 90,500 average of the last 6 months, indicating key vacancies are being fulfilled¹². To continue this progress Australia's PPL and ECEC programs must provide support in parental transition to the workforce. Regional Australia suffers due to ECEC inadequacies that compound the disadvantage of regional parents, keeping parents out of the workforce and reducing family incomes at a time of increasing costs of living. This Bill coupled with ECEC reform will help in counteracting parental and gendered disadvantage.

⁹ Women's Economic Equality Taskforce. (2023) *Women's Economic Equality Taskforce: Final Report*. Department of the Prime Minister and Cabinet: Office for Women. Canberra. pp. 47-48.

¹⁰ Hutchinson, D., Block, A., Robin, S., Cheng, Y., Shi, C., Zou, Z. (2023) *Against the Odds – Realising Regional Australia's Workforce Potential*. Regional Australia Institute. Canberra. p. 81.

¹¹ Women's Economic Equality Taskforce. (2023) *Women's Economic Equality Taskforce: Final Report*. Department of the Prime Minister and Cabinet: Office for Women. Canberra. p. 48.

¹² Shi, C. (2023) *Regional Job Update*. Regional Australia institute. [Regional Jobs Update \(regionalaustralia.org.au\)](https://regionalaustralia.org.au)