



Dad days: how more gender-equal parental leave would improve the lives of Australian families

September 2021

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- Hardly any men take primary carer leave in Australia
- Many countries have 'dad leave' schemes that encourage men to take a more active role in caring

2. The gendered division of labour is holding back Australian parents

- Australia has a very gendered division of labour by international standards
- Many women are working, but rates of part-time work are higher than in most comparable countries
- Improvements in women's workforce participation and economic security can only be sustained if there is a more equal sharing of unpaid care

3. More gender-equal paid leave promotes more equal sharing of paid work and care

- Parental leave design is one of the important policy levers impacting sharing of paid and unpaid work
- Parental leave design can encourage men to be more involved parents
- As more men take parental leave, social norms change

4. More gender-equal leave would benefit families and children

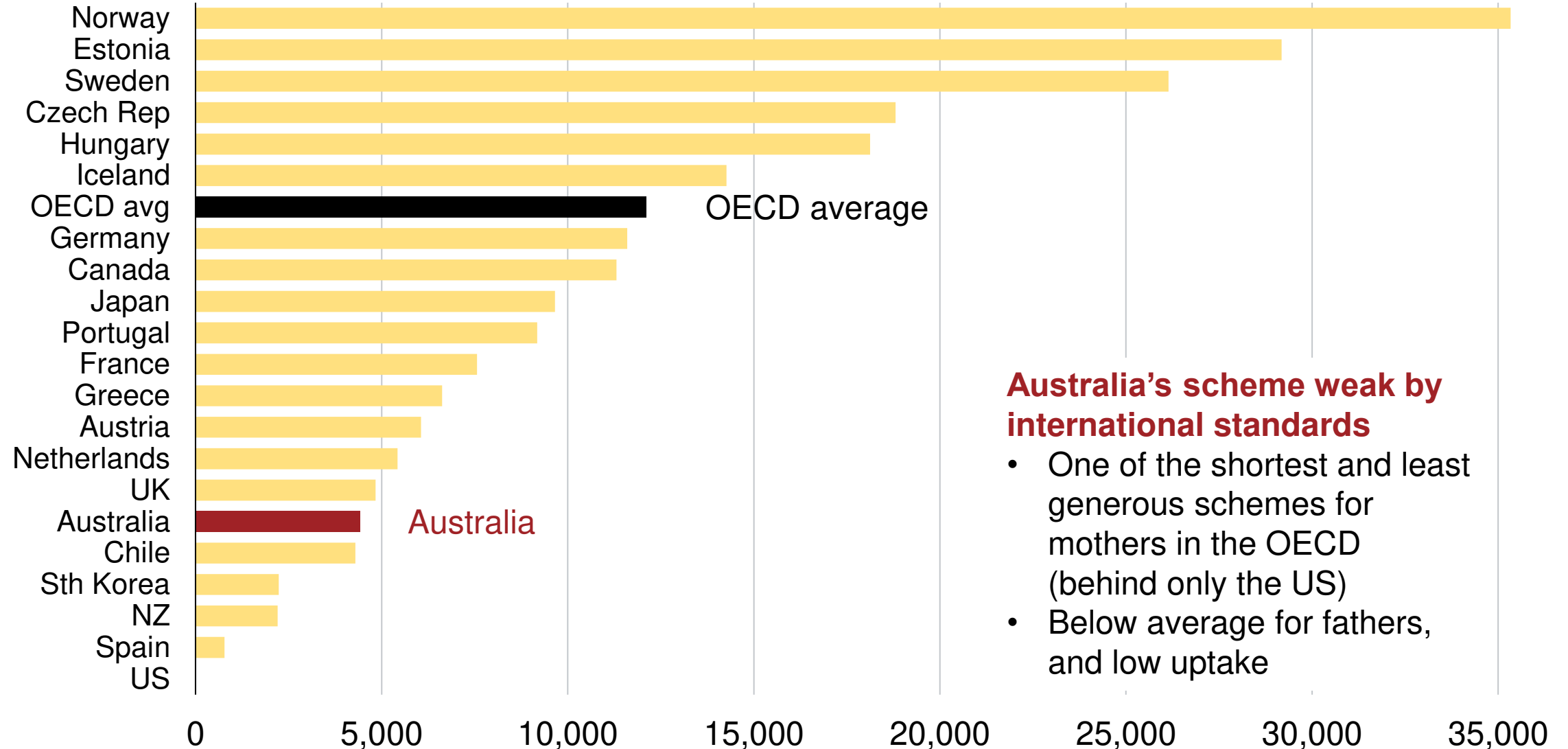
- Father/partner engagement in the early years promotes improvements in life satisfaction for dads/partners, relationship satisfaction for parents and development benefits for children

5. Options for reform

- There are several good options for parental leave reform – we recommend a '**6/12/6**' structure – six weeks for each parent and twelve to share between them as they choose, plus an additional 2-week bonus leave for the couple if both parents take at least 6 weeks leave.
- Single parents would receive the full 26 weeks.

Australia invests very little in parental leave, with limited schemes for both mothers and fathers

Public expenditure on maternity and parental leaves per live birth, in USD 2010 PPP, 2015

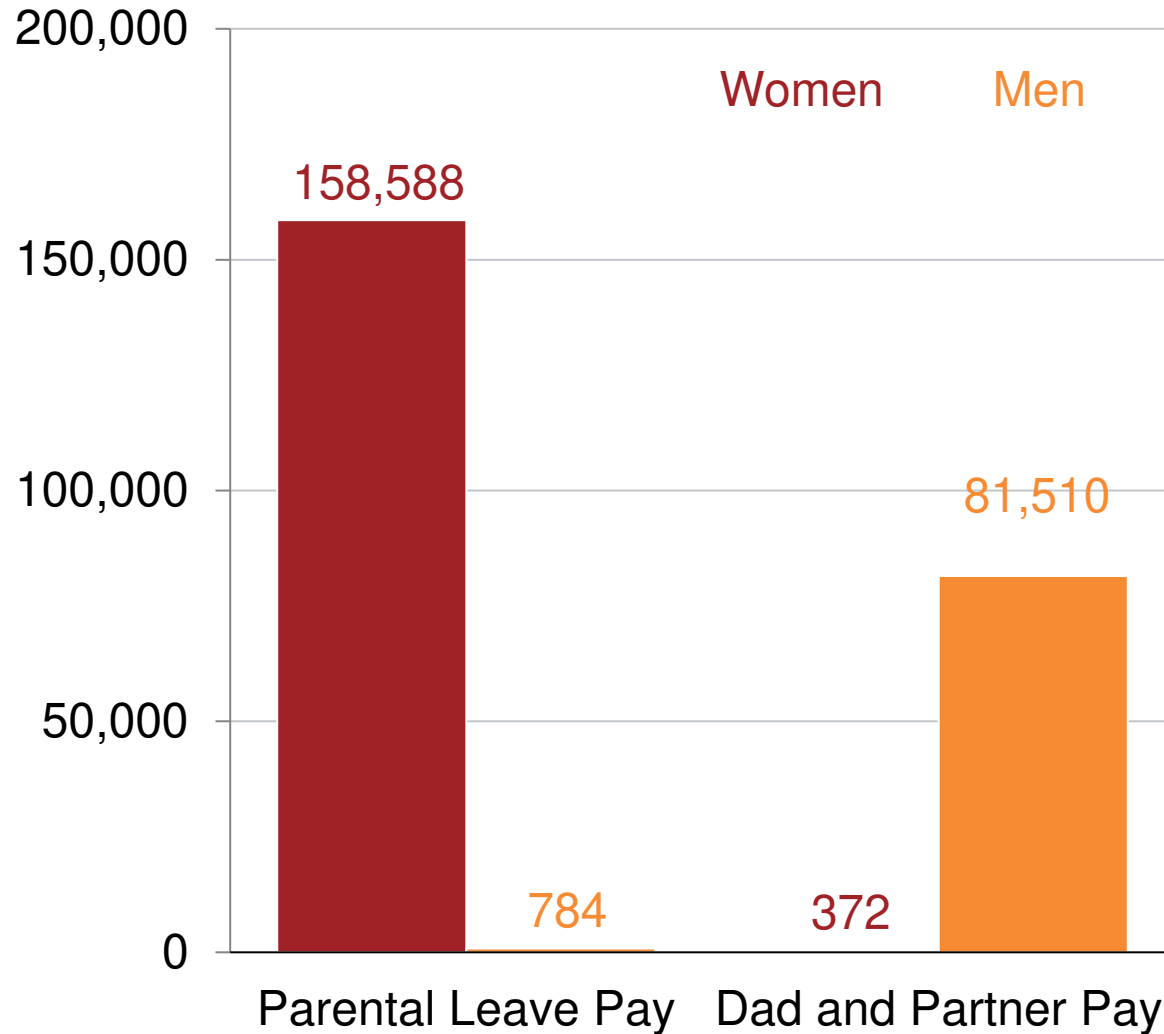


Australia's scheme weak by international standards

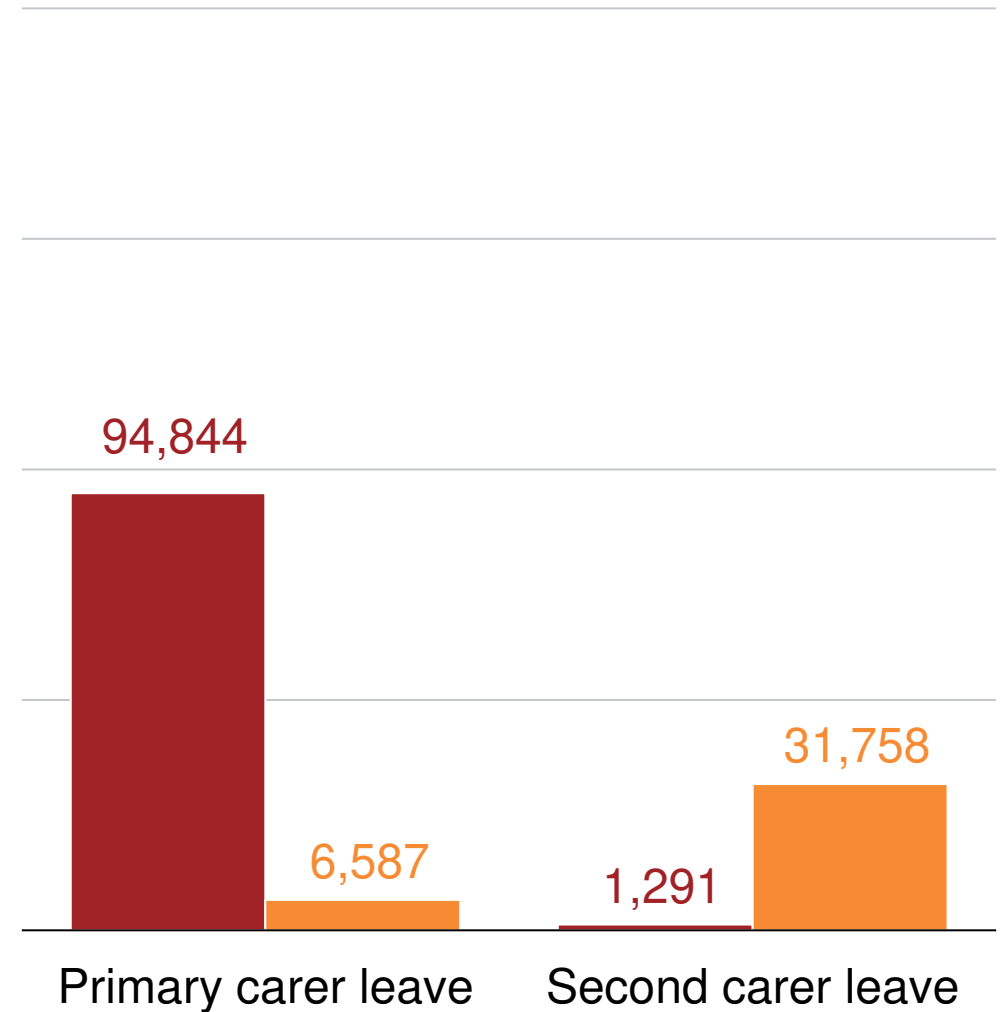
- One of the shortest and least generous schemes for mothers in the OECD (behind only the US)
- Below average for fathers, and low uptake

Most parental leave – and almost all primary carer leave – is taken by women

People using government paid parental leave scheme 2017-18



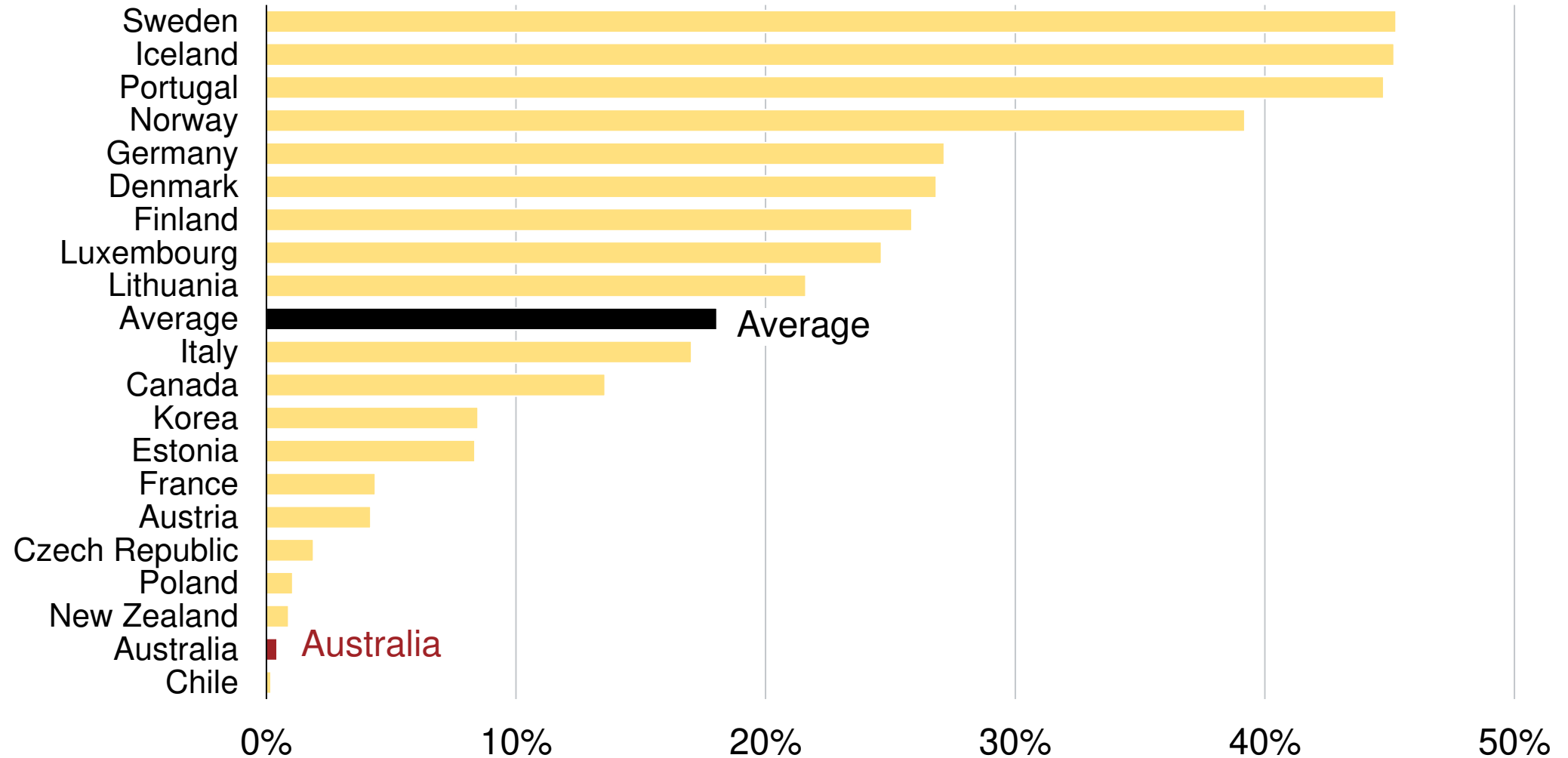
Private sector employees using employer parental leave schemes 2018-19



Notes: There may be substantial overlap among those accessing government-funded 'Parental Leave Pay' (LHS) and those taking paid or unpaid leave from their employer (RHS). The government scheme for primary carers was designed to enable this. Sources: ABS Gender Indicators, Nov 2019; and Grattan analysis of DSS data (2020) provided on request.

Hardly any men use primary carer parental leave in Australia

Male share of users of government primary carer paid parental leave, 2016



Notes: Data generally includes only primary carer leave, where differentiated. For example, data for Australia excludes Dad and Partner Pay. Similar paternity leave schemes are excluded for Finland, Denmark, Lithuania, Estonia, and Poland. Canada excludes Quebec. Data for Germany are from 2015..

Source: OECD family database.PF2.2

Take-up of father-targeted parental leave schemes is higher when the scheme is longer and better paid

Father-specific leave entitlement

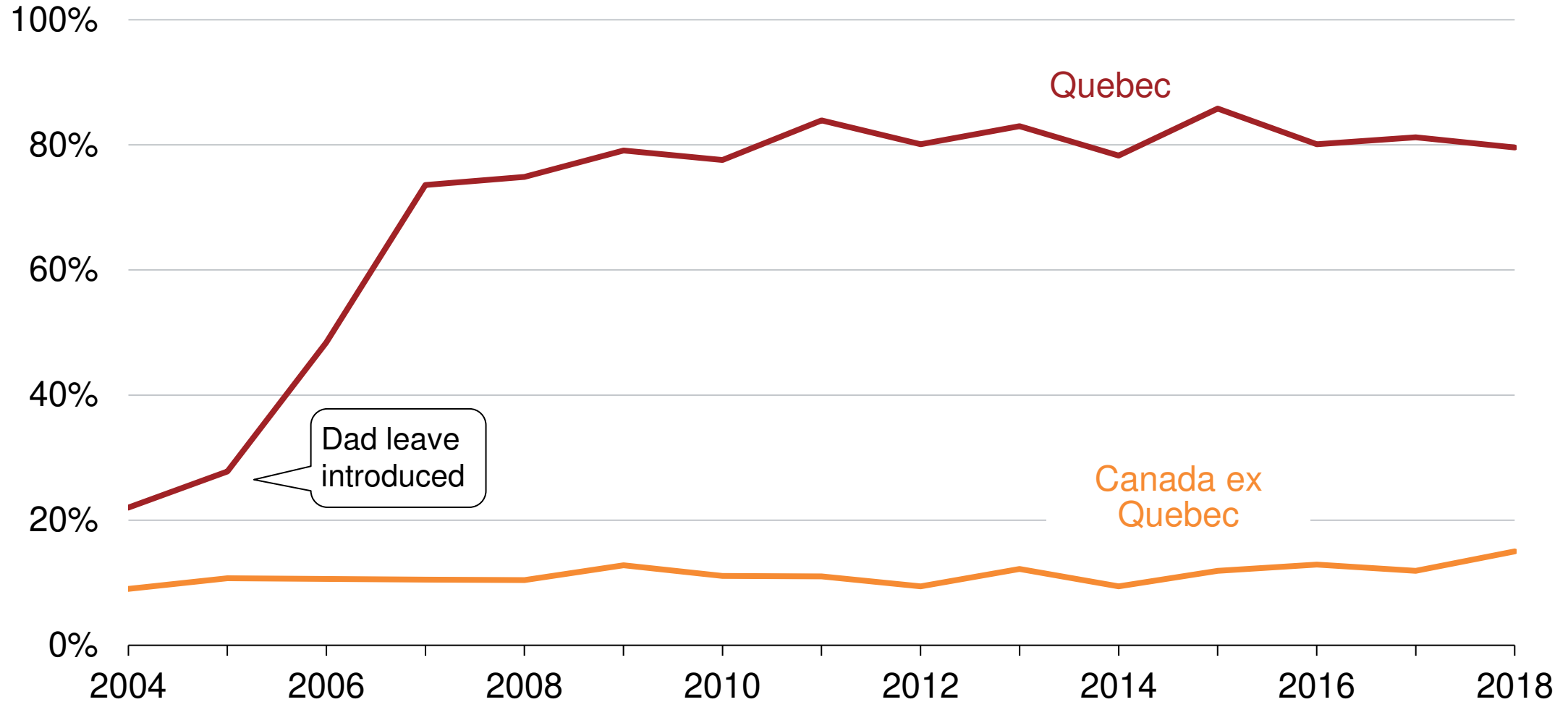
Country	Length (weeks)	Payment (% of income or flat-rate)	Both parents can take leave concurrently?	Father take-up
Norway	15-19*	100% or 80%	Some	High
Iceland	20	80%	All	High
Finland	9**	Combination	Some	High
Canada (Quebec)	5	70%	All	High
Spain	16	100%	All	High
Luxembourg	18-82*	Combination	All	Medium
Belgium	19	\$1,215 AUD eq. monthly	All	Medium
Sweden	14	78% (plus sharing bonus)	Some	Medium
Germany	8	65-67%	All	Medium
Portugal	5	100%	Some	Medium
France	4	100%	All	Medium
Slovenia	4	100%	All	Medium
Estonia	4	100%	All	Medium
Lithuania	4	78%	All	Medium
Korea	54	80% then 50%	All	Low
Japan	52	67% then 50%	All	Low
Croatia	8	100%	All	Low
Netherlands	6	70%	All	N/A***
Slovak Republic	28	\$613 AUD eq. monthly	All	N/A***

Notes: Only non-transferable paid entitlements for the father, whether termed 'paternity leave' or 'paternal leave' of four weeks or longer are represented. * Length of leave varies depending on payment option chosen -- including part-time payment spread over a longer period. ** Set to increase to 13.5 weeks later in 2021. *** No data available. Take-up rates for Belgium, Finland, France, Portugal and Spain may increase due to recent policy changes. 1 EUR = 1.62 AUD as at 24 August 2021.

Source: Grattan analysis of International Network on Leave Policies and Research (2020) and OECD (2019).

More fathers take parental leave in Quebec since it introduced a 'dad leave' scheme

Proportion of fathers taking parental leave



Note: Some missing data have been interpolated.

Sources: Various editions of the Employment Insurance Coverage Survey; International Network on Leave Policies and Research(2013).

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4. More gender-equal leave would benefit families and children

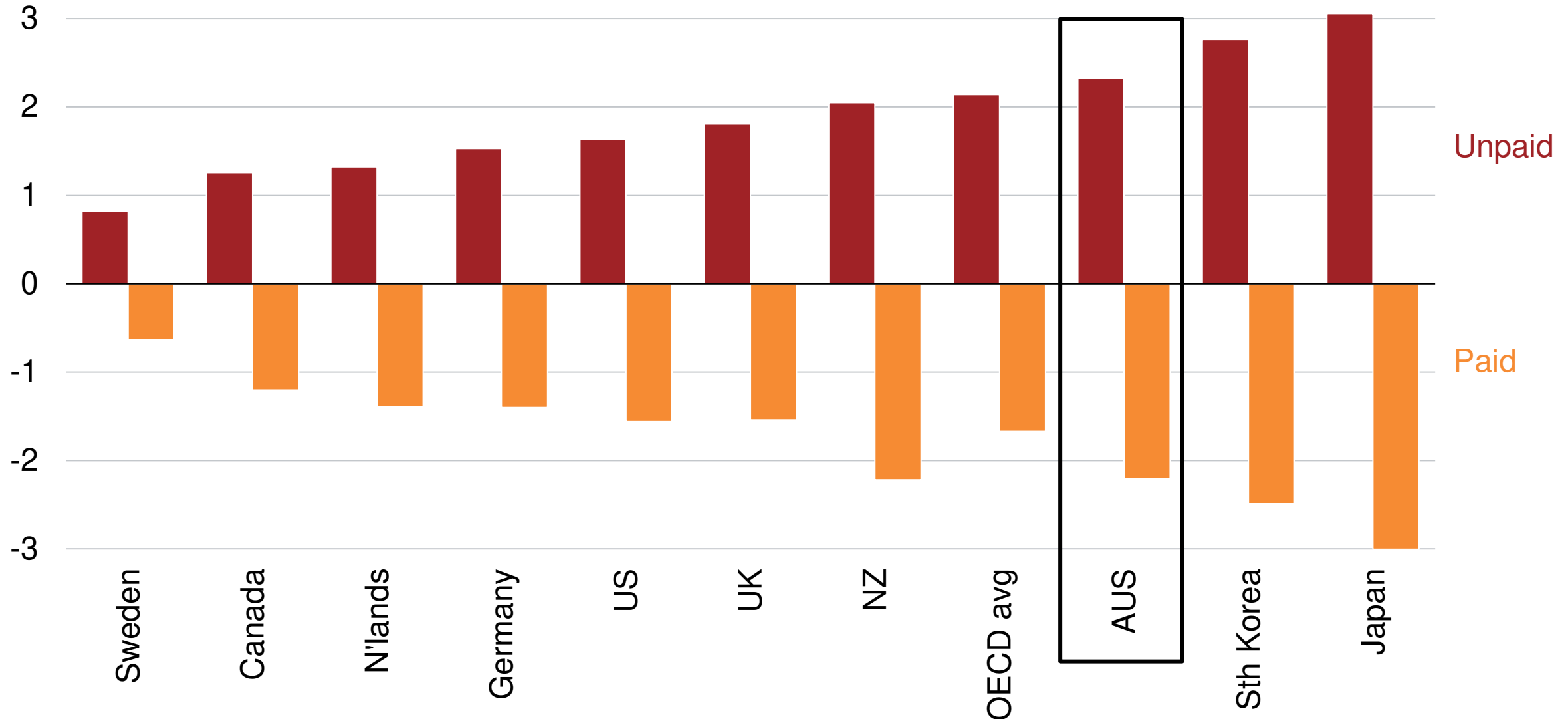
- Father/partner engagement in the early years promotes improvements in life satisfaction for dads/partners, relationship satisfaction for parents and development benefits for children

5. Options for reform

- There are several good options for parental leave reform – we recommend a '6/12/6' structure – six weeks for each parent and twelve to share between them as they choose, plus an additional 2-week bonus leave for the couple if both parents take at least 6 weeks leave.
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The gender split in unpaid and paid work is particularly prominent in Australia

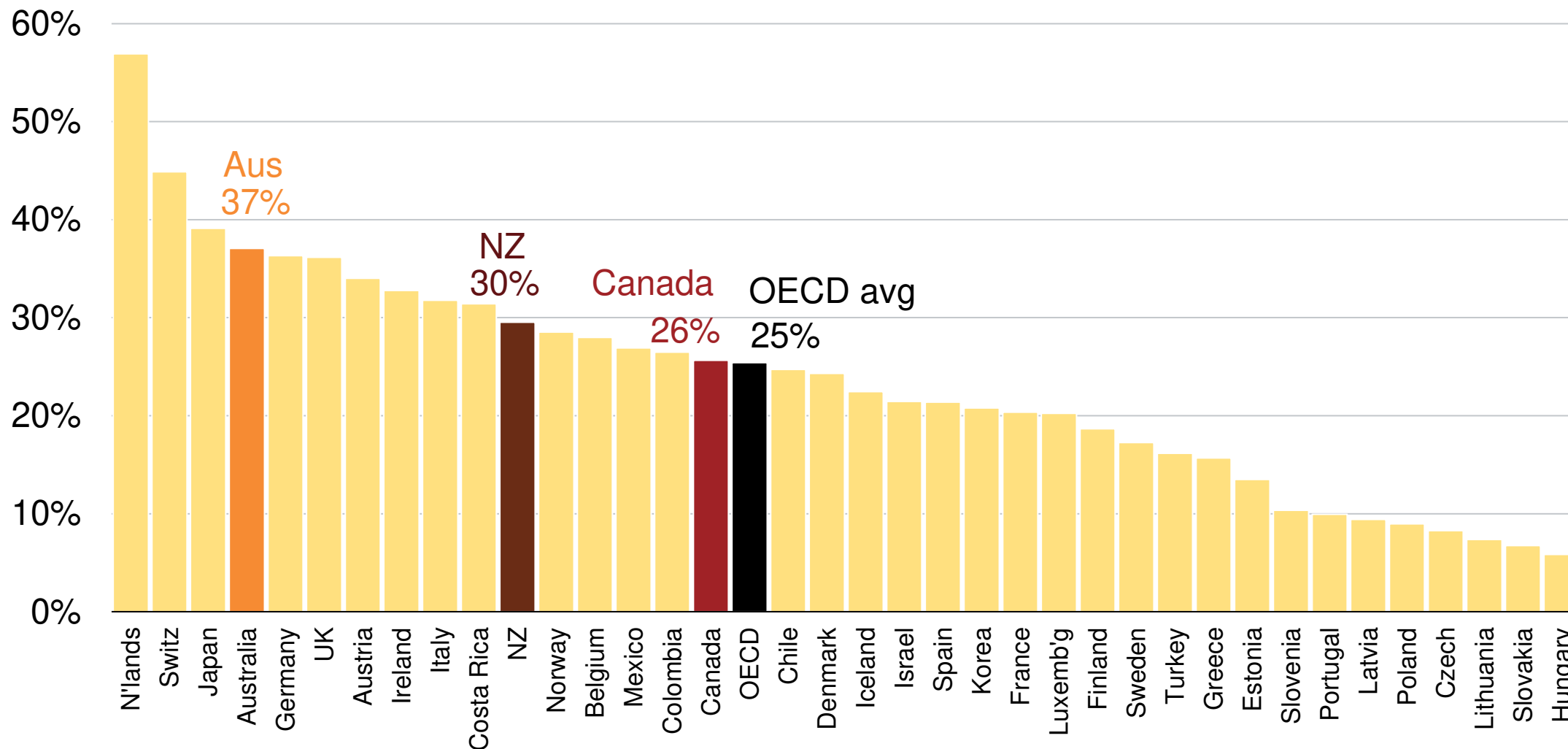
The gender gap in unpaid and paid work, in hours per day



Notes: The gender gap is calculated as the average hours reported by women minus the average hours reported by men. This data was collected across various years (2002-2014).
Source: OECD.Stat https://stats.oecd.org/Index.aspx?DataSetCode=GENDER_EMP#

Australia's rates of part-time work for women are among the highest in the OECD

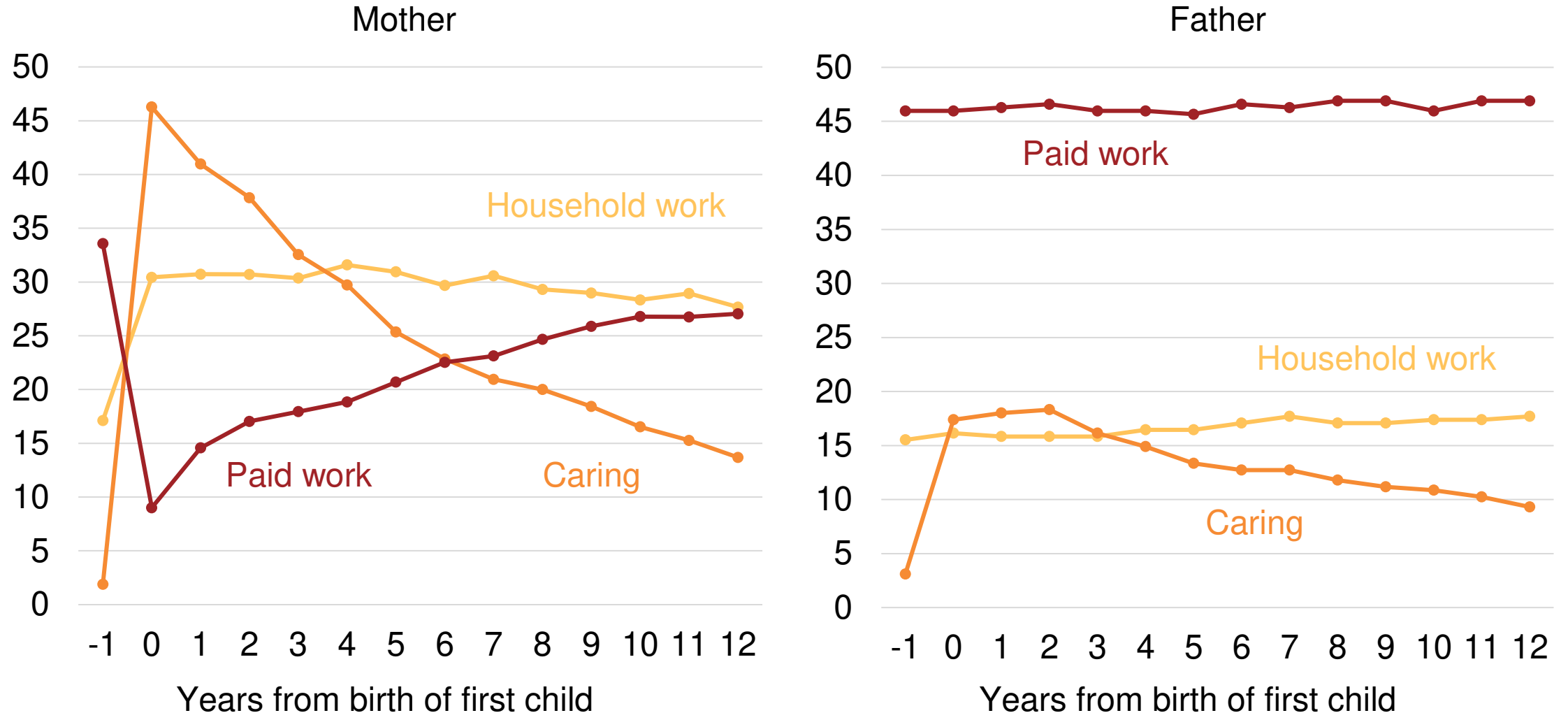
Percentage of employed women working less than 30 hours per week in OECD countries, 2018



Notes: Women working less than 30 hours as a share of all women aged 15+ employed full time or part-time. Definitions of 'part-time' vary by country so this chart uses a common definition of less than 30 hours per week to compare between countries. In the rest of this report we use the Australian definition of part-time work which is less than 35 hours per week. Source: OECD.Stat: https://stats.oecd.org/Index.aspx?DataSetCode=FTPTC_D#

The nature of work changes dramatically for women after a child, with enduring effects, but little change for men

Time use before and after the birth of first child, average hours per week



Note: Age of youngest child = -1 is the year before the birth of the first child.
Sources: Baxter (2019) *Fathers and work: A statistical overview*. AIFS. Analysis of HILDA pooled waves 2-16.

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Parental leave design can encourage men to be more involved parents

- A period of time as the primary carer supports fathers to develop parenting skills early on.
- Early engagement casts a virtuous shadow: involvement during the first year leads to more care-giving in later years
 - Supported by studies from e.g. US, UK, Norway, Germany, Quebec, Sweden, Australia, Denmark
- And results in a more equitable division of caring and household responsibilities
 - Supported by studies from e.g. Germany, Norway, Iceland, Sweden, Quebec, and a cross-country study of 34 countries.

As more men take parental leave, social norms change

- Current gender norms box in men's choices.
- When more fathers take leave, it becomes routine in workplaces, just as it already is for mothers.
- When employers expect fathers to take leave it is much easier to ask for it and to take it, without facing a career penalty

More gender-equal leave can boost women's workforce participation

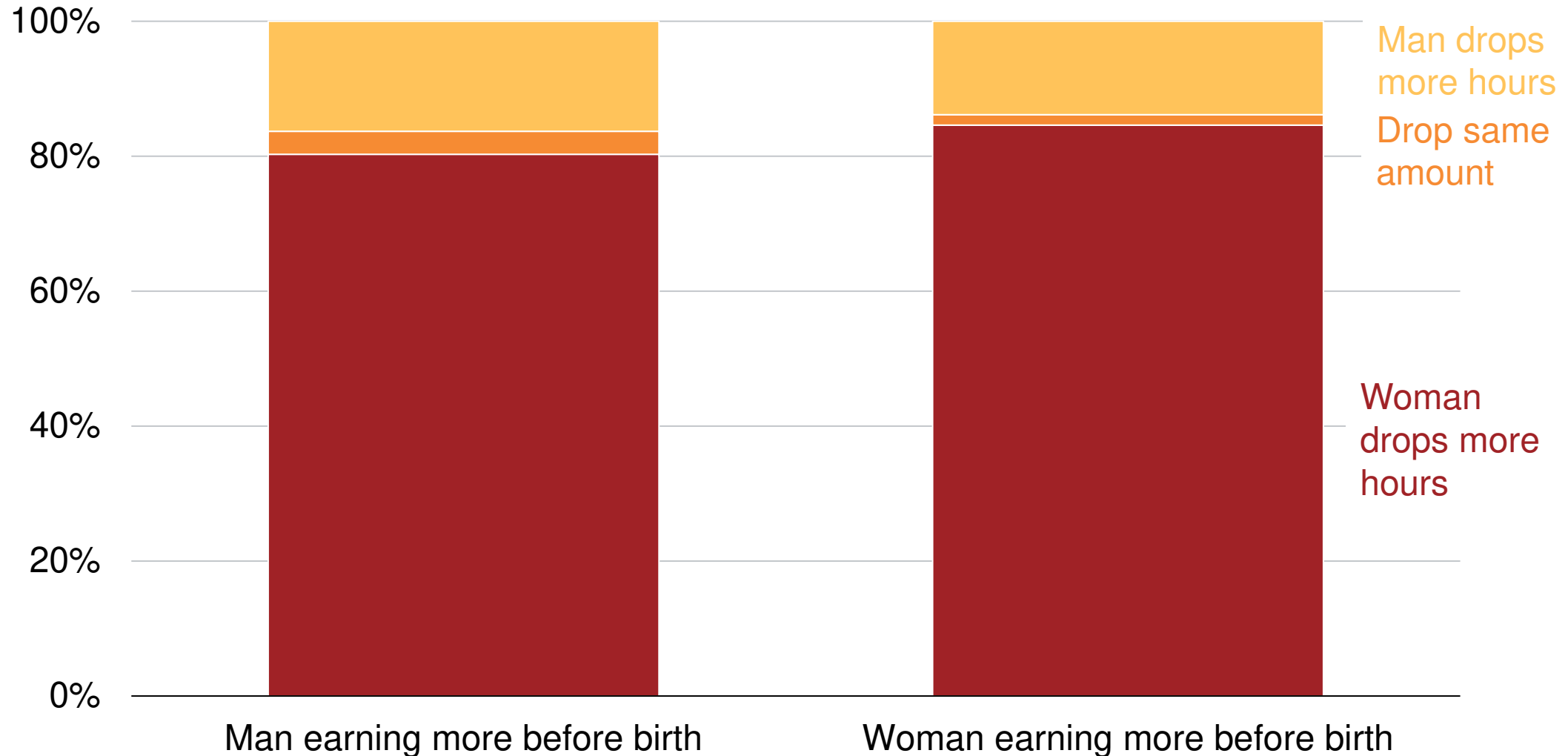
- When fathers are more involved in parenting, mothers are better able to re-enter the workplace and work more hours
 - Supported by studies from e.g. UK, Norway, Quebec, Sweden

...and increase economic activity

- International evidence suggests increased workforce participation for mothers, and reduced participation for fathers, with a net overall increase in hours in paid work
- The economic impact would be boosted in the long run by better utilisation of talent – long run productivity benefits to the increase in the talent pool when women are freed up to do the jobs that best suit their skills

More mothers than fathers drop paid work for caring, even if the mother was earning more beforehand

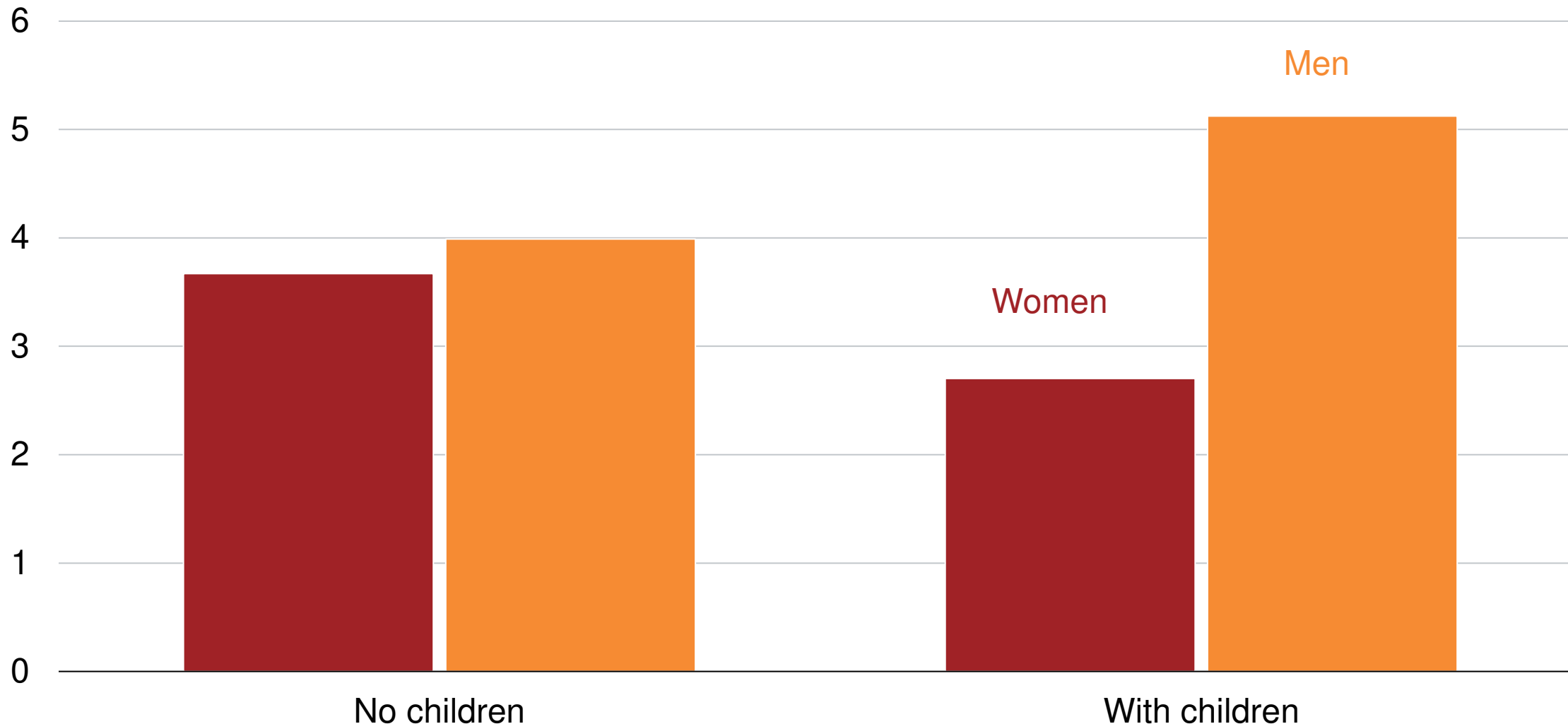
Proportion dropping more hours of paid work one year after the birth



Notes: Includes heterosexual couples only. Prior earnings are compared 1-2 years before the birth of the first child. The hours dropped is calculated from 1-2 years before the birth to 1-2 years after. This measure is compared for the man and woman in a couple.
Source: Grattan analysis of HILDA (2018).

Greater access to paid work would improve financial security for mothers

Mean expected lifetime income for someone aged 25 in 2017, 2017 dollars, millions



Notes: Allows for earnings from age 25 to 70. Uses gross total income from HILDA. Assumes age-wise distribution of earnings from HILDA, adjusted for future wage inflation, assumed at 1 per cent. Earnings at age 60-64 assumed similar to earnings of those currently aged 55-59. Earnings at age 65-69 assumed similar to earnings of those currently aged 60-64. This adjustment acknowledges likely increases in labour force participation at older ages in future.

Source: HILDA, 2002-2017.

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More gender-equal leave would benefit families and children

1. Dad leave has benefits for parents

- **Use of dad leave is positively associated with the father's job and life satisfaction**
 - Supported by studies in e.g. Canada, Korea, Norway. An Australian study found that engaging with their newborn can provide fathers with new life meaning and purpose.
- **Health and wellbeing outcomes tend to be better for both parents.**
 - Studies show a lower death risk and less postpartum depression for men
 - An Australian study showed the inability to access paternity leave can contribute to mental health issues for men.
 - A Swedish study showed less mental health prescriptions and admissions for mothers
- **More equal leave also contributes to an improvement in family relationships and reduces parenting stress**
 - A Swedish study found that sharing parenting responsibilities allows couples to build a better mutual understanding
 - A Korean study found improved relationship satisfaction for mothers
 - An Icelandic study found parents were less likely to be separated 15 years later

2. ...and children

- **Positive link between father engagement and child outcomes** – found consistently across many studies, including meta-studies across several countries, and Australian studies
 - Greater cognitive ability
 - Superior emotional development
 - Social aptitude
- These benefits seen to relate to dual parental engagement rather than the effect of fathers per se. Same sex parent families seem to get same developmental benefits
 - The overwhelming majority of high-quality studies suggest there is no detrimental impact to children from growing up with either two mothers or two fathers.
- Our proposal will also benefit sole parent families by reducing financial pressure on single parents when their children are young. 17

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Options for parental leave reform

The pros (lighter) and cons (darker)

Option	Cost	Impact – GDP	Impact – mothers' lifetime earnings	Benefits for children	Simple to administer	Perceived as fair
'6 weeks': 6/12/6 weeks minimum wage	\$0.4b	\$0.7b	\$25k	Benefits from 4 weeks of additional paternal involvement.	Minimal admin from including second parent.	As fair as current system.
'6 weeks + 2 bonus weeks': 6/12/6 weeks minimum wage, plus 2 bonus weeks	\$0.6b	\$0.9b	\$30k	Benefits from 4 weeks of additional paternal involvement	Additional admin from determining eligibility for 2 bonus weeks.	As fair as current system.
'12 weeks': 12/12/12 weeks minimum wage	\$2b	\$2b	\$70k	Supports the possibility of 24 weeks of breastfeeding. Larger benefits from 10 weeks of additional paternal involvement.	Minimal admin from including second parent.	As fair as current system.
'12 weeks + higher rate': 12/12/12 weeks 80% AWE (35% increase)	\$4b	\$3b	\$85k	Supports the possibility of 24 weeks of breastfeeding. Larger benefits from 10 weeks of additional paternal involvement.	Minimal admin from including second parent.	As fair as current system.
'12 weeks paid 80 per cent of earnings': 12/12/12 weeks 80% earnings	\$5b	\$3.5b	\$110k	Supports the possibility of 24 weeks of breastfeeding. Larger benefits from 10 weeks of additional paternal involvement.	Need to collect detailed information about earnings.	More money for high earners.



Recommendations

1. Introduce a more equal paid parental leave scheme:

- Six weeks reserved for each parent plus 12 weeks to share between them, paid at the current rate of minimum wage.
- In addition, should both parents use at least six weeks of leave, a bonus of two weeks' leave would be available to be used by either parent, making a total of 26 weeks available to each family.
- Single parents should have access to the full 26 weeks.

2. Make the scheme flexible and easy to access

- The income test should be based on household income rather than the mother's income.
- The work test should be applied to each parent individually.
- Parents should continue to be able to use their leave entitlements concurrently or separately.
- The Centrelink application should be easy to complete in a single online transaction, and payments should be delivered faster.
- All payments should be made directly from Centrelink. Employers should no longer be involved in the paymaster role.

3. Evaluate the scheme after three years

- The scheme should be evaluated after three years, and regularly thereafter, to assess:
 - Take-up, and how families are using leave
 - Fathers' involvement in care beyond the leave period
 - Whether the scheme has yielded benefits: family satisfaction, child development, and women's workforce participation.
- Evaluations should guide any changes to the design, e.g.:
 - Should higher rates of leave pay should be adopted to drive take-up?
 - Should the scheme should be adjusted to encourage fathers to take time as the primary carer.