Advancing Inclusive Labour Policies: A Path to Gender Equality in Employment and Business Growth in PNG

Policy Brief

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Executive Summary

This policy brief highlights urgent legislative deficiencies in Papua New Guinea's Employment Act (Chapter 373), particularly regarding **maternity leave, paternity leave, and discriminatory employment clauses**. These shortcomings not only obstruct gender equality in employment access but also undermine workforce retention and hinder business growth. The proposed policy reforms are designed to strengthen maternity leave rights, introduce paternity leave, secure job protection, and eliminate discriminatory provisions that restrict women's full participation in the labour market. By enacting these changes, Papua New Guinea can unlock a more inclusive and equitable labour market, drive sustainable business success, and promote gender-responsive economic growth.

Introduction

Problem Statement

Papua New Guinea's Medium-Term Development Plan (MTDP 2023-2027) is committed to creating employment for the local population and investing in the development of small and medium enterprises to mitigate the decline in formal employment, while also reviewing the Employment Act (1978) chapter 373, as the primary legislation governing labour relations in the country. This law has major gaps, including no provisions for paid maternity leave and completely excludes paternity leave. It also conflicts with the Public Services (Management) Act 1995 (as amended), which grants such benefits to public employees. Additionally, it contains discriminatory clauses that not only restrict women's access to certain jobs but also allow employers to terminate the contracts of pregnant workers if they have been employed for less than 90 days. These legal gaps, discriminatory provisions, and inconsistencies create a significant structural barrier to women's full integration into the formal workforce and their access to better wage opportunities.

"The outdated labour legal framework in PNG is discriminating against women and limiting the country's socio- economic growth…"

Context and Background

Gender Inequality in the labour market in PNG

Papua New Guinea (PNG) ranks among the lowest countries globally in terms of gender equality. According to the UNDP's Gender Inequality Index (GII) for 2022, PNG ranked 151 out of 166 countries, underscoring persistent disparities in reproductive health, empowerment, and labour market participation. These disparities are further evidenced in the latest Papua New Guinea Socio-Demographic and Economic Survey (2022), which reports a labour force participation rate of 51.8%—53.1% for men and 50.6% for women. A significant portion of the labour force is employed in informal or subsistence agriculture. Although the working-age population is 7.9 million, only 54.5% are engaged in paid employment, with 60.3% of men and just 48.3% of women holding paid jobs. Among those in formal employment, 53.7% work in the services sector, 38.6% in agriculture, and 7.6% in industry. A 2024 labour market survey[1] conducted by the Business Coalition for Women (BCFW) estimated an average gender earnings gap of 13.7%.

[1] Sample: 2,026 responders (42% women/58% men).

"Working women in PNG do not need discriminatory laws to protect them. They call for stronger enforcement of laws to ensure security at work…"

Although PNG ratified the International Labour Organization (ILO) Equal Remuneration Convention, 1951 (No. 100), the Employment Act does not mandate equal remuneration for work of equal value, as women are clearly restricted from accessing certain jobs (clauses 98 and 99), which are often better paid compared to the types of jobs they perform in such sectors/subsectors. A root cause of employment segregation in PNG is undoubtedly the presence of discriminatory clauses in the legislation. Occupational segregation and the gender polarisation of industries and economic sectors stand out as key factors for the gender pay gap. Women continue to be under-represented in traditionally male-occupied categories and, within similar categories, women are consistently paid less than men (ILO, 2018). The 2024 BCFW survey suggests that a sizable number of women (31%) in PNG would be interested in physically arduous, underground, or night shift work jobs, while those who aren't interested would be interested if safety concerns were addressed.

The lack of paid maternity leave significantly reduces women's participation in formal employment, especially in regions with low legal coverage (ILO, 2014). In countries where adequate maternity leave has been implemented, the employment rate of women increased by up to 10 percentage points globally. Evidence also shows that fathers taking paternity leave increase their long-term participation to unpaid care work and hereby also enhance mother's participation in the economy and overall women's economic empowerment (ILO, 2022).

The World Bank's Women, Business and the Law (WBL) database, which measures legal and regulatory differences between men and women on accessing economic opportunities, indicates that addressing discriminatory legal barriers can increase female labour force participation and reduce the gender wage gap (Hyland, Djankov, & Goldberg, 2020). The 2024 BCFW survey, consistent with the latest Papua New Guinea Socio-Demographic and Economic Survey (2022), also found a low proportion of women in salaried jobs in PNG, and that removing discriminatory clauses would increase women's participation in salaried jobs.

But why, from an economic perspective, is it relevant to eliminate gender gaps in employment?

The equation is simple: eliminating gender gaps in employment not only expands the talent pool and reduces turnover and absenteeism but also fosters innovation, boosts productivity, improves financial performance, and strengthens demand—ultimately promoting long-term economic growth and competitiveness.

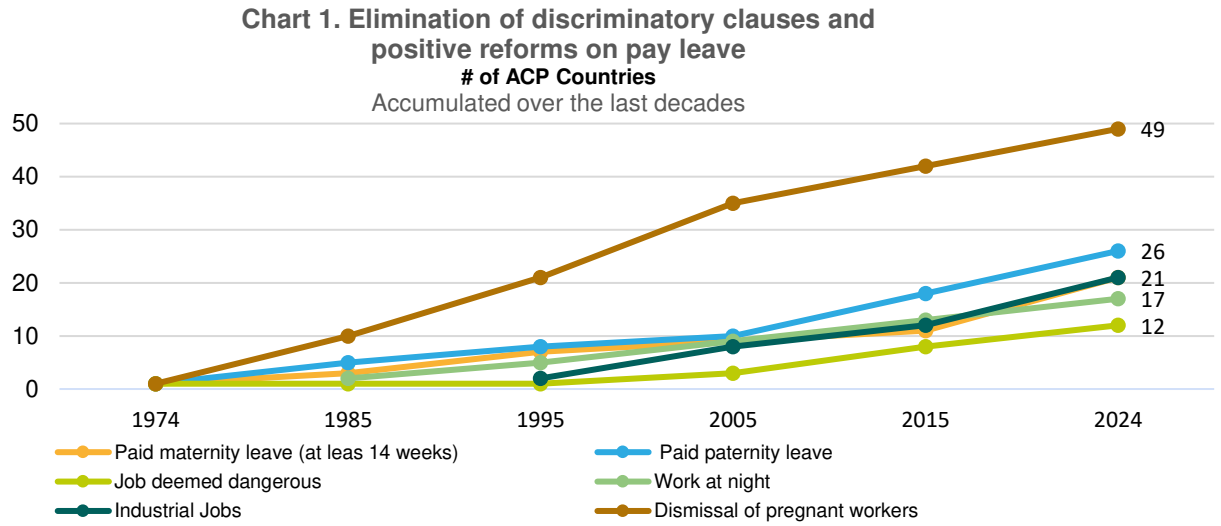
The inclusion of women in the formal economy and leadership roles boosts growth, promotes economic stability and resilience and reduces income inequality in PNG (EGIG, 2018). There is ample evidence that when women are able to develop their potential in the labour market fully, the macroeconomic benefits are significant (IMF, 2022). Reducing gender gaps in labour force participation could substantially boost global GDP (ILO, n.d.). According to the World Bank, GDP per capita would be 22% higher in the long run if gender employment gaps were to be closed (Pennings, 2022).

PNG has fallen behind its counterparts in ACP regions in advancing inclusive labour policies that drive the country's economic development

Over the past decades, many ACP countries with discriminatory labour laws have been gradually reforming their legislation. **Chart 1** illustrates that 49 ACP states have banned the dismissal of pregnant workers, 21 have removed discriminatory clauses restricting access to industrial jobs, 12 have eliminated barriers to jobs deemed dangerous, and 17 have lifted bans on night work. While many ACP countries have ensured paid maternity leave, 21 states have reformed their laws to align with the ILO's minimum standard of 14 weeks, and 26 ACP countries have amended their legislation to include paid paternity leave.

"Evidence is clear: greater gender equality in employment leads to an increase in GDP…"

Figure 1: Elimination of discriminatory clauses and positive reforms on pay leave



According to the WBL global data set, out of 190 countries, 123 have legislation on paid maternity leave aligned to ILO standards (min 14 weeks) and paid paternity leave; 154 prohibit dismissal of pregnant workers; 131 have no restriction for women to work in an industrial job in the same way as a man; 170 have no restriction for woman to work at night in the same way as a man and; 100 have no restrictions for women to work in a job deemed dangerous in the same way as a man.

Consequences of Inaction

- **Social Impact:** Ongoing discrimination and limited career advancement for women, further entrenching social and gender inequalities. Women's exclusion from formal employment perpetuates poverty and social inequality, affecting household welfare and broader social cohesion.
- **Economic Implications:** Persistent economic stagnation and missed opportunities for business expansion and innovation. The lack solid, inclusive labour policies stifles business growth, lowers workforce productivity, and constrains the development of both large companies and small and medium enterprises (SMEs), resulting in significant lost potential for GDP growth.

Proposed Policy

In alignment with legislative progress adopted by most countries worldwide and in accordance with ILO conventions, protocols, and recommendations, it is proposed to amend the Employment Act to strengthen workers' rights regarding maternity leave, establish paternity leave provisions, and eliminate discriminatory restrictions on women's employment:

- **Introduce 14 weeks *paid* maternity leave** (the Employment Act (clause 100) currently includes a 6-week unpaid maternity leave)
- **Introduce paid *paternity* leave for fathers and non-transferable parental leave to each parent** (currently, there is no paternity leave)
- **Prohibit dismissal of pregnant workers with no exceptions** (Clause 100 prohibits dismissal except where the employee has been employed for less than 90 days)
- **Remove discriminatory provisions limiting women's work** (Clause 98 prohibits women's work in *underground* mining work and *heavy labour* and Clause 99 prohibits women from *working at night* (between 6pm and 6am) in industrial work)

Positive Impacts

- ✓ Enhanced Gender Equality
- ✓ Increased Labour Force Participation
- ✓ Business Growth
- ✓ Macroeconomic Benefits

Enabling Conditions

- **Government Commitment:** PNG's MTDP 2023-2027 focus on job creation and SME development supports labour law reforms.
- **Public Service Act:** Existing paid maternity and paternity leave in the public sector set a precedent.
- **The adoption of good practices in paid leave within the private sector is a reality in PNG:** These boost productivity and company growth, as clearly documented by IFC, 2024.
- **Papua New Guineans would support policies to promote women's work:** 2024 BCFW labour market survey has evidence it.
- **Civil Society Advocacy:** Growing support from organisations and women's rights groups for reform.
- International Support: Technical and financial backing from donors, organisations and multilaterals to assist for inclusive reforms.
- **Shifting Social Norms:** Increased recognition of gender equality in the workforce.
- **Global Scenario:** Evidence shows how the world is aligning to ILO standards (including lower-middle-income countries.

Recommendations for Action

- ✓ **The reforms to the Employment Act** must ensure that its provisions take precedence over any other law that restricts access to employment based on gender (such as the 1992 Mining Act)
- ✓ **The elimination of discriminatory provisions in jobs commonly held by men** requires the establishment of legal provisions that (in line with ILO Convention C190, ratified by PNG in 2023) ensure the prevention and sanctioning of violence and harassment in the workplace
- ✓ **Employers must implement safety measures** that ensure safe working environments for women, particularly in industries where physical labour or hazardous conditions are involved, such as mining and jobs involving night shifts
- ✓ **Strengthen the enforcement of gender-equality laws** with clear measures, such as deterrent sanctions for non-compliance, specialized equality institutions, and regular inspections to ensure compliance with non-discrimination policies
- ✓ **Launch comprehensive public awareness campaigns and training programs** to address deeply ingrained social norms and promote the understanding of gender equality in the workforce
- ✓ **Establish accessible legal avenues for women to report discrimination** or unsafe work conditions, backed by swift and effective remedies to protect workers' rights

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The BCFW is a non-profit organisation established in 2014 by the IFC with seed funding from the Australian Government, that aims to help the private sector overcome challenges to women's participation in the Papua New Guinea (PNG) workforce.
https://www.pngbcfw.org/