



## Paid Parental Leave

In 2011 the Labor Government introduced 18 weeks of parental leave at minimum wage for an eligible parent who had received an individual adjusted taxable income of \$150 000 or less in the financial year before the date of the birth or adoption of a child. Importantly, part-time, casual, seasonal and contract workers, and self-employed people working in a family business, are eligible for the scheme so long as they have:

- worked for at least 10 of the 13 months before the birth or adoption of the child; and
- worked for at least 330 hours in that 10-month period (just over one day a week), with no more than an eight-week gap between any two consecutive working days.

However, this test extends eligibility for parental leave payments to some parents who do not qualify for the unpaid parental leave standard set under the Fair Work Act, where the work test requires that casual employees have been employed by a single employer on a regular and systematic basis for a sequence of periods over at least 12 months. As a consequence, some casual employees may have to choose between retaining their job or receiving their parenting pay entitlement under the Paid Parental Leave Act. According to the Productivity Commission, around 17 per cent of employee mothers and 15 per cent of employee fathers may fall into this group.

The current paid parental leave scheme is funded by Government and delivered through employers. The Government is now reviewing the operation of that policy, and WEL hopes this will include addressing some points of concern. These include its disconnect with the national unpaid parental leave standard and its lack of superannuation payments. In addition, WEL is concerned that there is no formal policy to encourage employers to top up payments to raise the income for those earning over the minimum wage to their normal income or a proportion of it.

The Coalition is proposing a scheme featuring the same eligibility criteria and income tests as the current scheme, but with payments for up to 26 weeks at the greater of either the mother's replacement wage or the minimum wage. Superannuation is included. There is a significant cost associated with this policy. There is also confusion around resourcing the scheme, which is to be funded by a levy on larger employers, but may or may not in turn be indirectly funded by Government through a tax cut for those same employers.



Under Coalition policy employers would no longer be responsible for delivering parental leave payments unless they want to.

WEL has stated in the past that a payment linking workers' caring roles with employment, and having them made through the usual workplace mechanisms, fosters an ongoing commitment to and connection with the work place, benefiting both employees and employers. WEL is strongly supportive of current workplace-based model for delivering payments, and notes that in 2009-10 54.9% of surveyed organisations reporting to the Workplace Gender Diversity Agency were already voluntarily making maternity leave payments of various types to their employees through workplace agreements.

Coalition policy is silent on the relationship between its policy and existing entitlements: it is not clear whether employees would be entitled to agreement-based payments in addition to those proposed under the Coalition scheme.

### Recommendations

1. WEL welcomes the Coalition's commitment to provide a significant increase in support to carers during the early childhood period. However, it believes that these funds would better benefit carers if the scheme was paid at minimum wage for 52 weeks, while employers not yet doing so are encouraged to "top-up" the existing scheme to full replacement earnings as part of workplace bargaining. WEL is very strongly of the view that whatever the funding source, parental leave payments should be delivered through employers as is the case at present.
2. WEL also recommends:
  - a. extending parental leave payments to 52 weeks, with a minimum of 26 weeks in the first instance;
  - b. removing the discrepancy between eligibility in the National Employment Standards and the Government funded paid parental leave scheme to allow employees who have not been with the same employer for more than 12 months to access unpaid leave in order to receive parental leave payments, as they currently cannot access 12 months unpaid leave with guaranteed job security;
  - c. including superannuation in paid parental leave;



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- d. reviewing the 'eight week break' work test for employees accessing paid parental leave to ensure that it is responsive to variations in working patterns in particular industries such as education; and
- e. adjusting the scheme to allow women the choice of taking paid leave at half pay over twice the number of weeks.

*Think WEL before you vote*