PAID PARENTAL LEAVE – OPPORTUNITY OR CHALLENGE FOR EMPLOYERS?

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MATERNITY LEAVE
.... A NATURAL RIGHT!

SUPPORT THE ACTU TEST CASE FOR MATERNITY LEAVE

Unpaid maternity leave campaign 1979
The *Fair Work Act 2009* provides:

› 12 months unpaid parental leave and the right to return to work

› Right to request an extension to 24 months

› Eligibility: 12 months continuous service with same employer at expected birth date (EBD)

› Leave may start 6 weeks prior to EBD

› It must be taken continuously

› Return to work guarantee
THE ‘BIRTH’ OF PPL IN AUSTRALIA

- Distinction between unpaid parental leave and paid parental leave
- Fascinating debate – e.g. Tony Abbott’s scheme in the election campaign (Coalition Election Policy, 2010)
- Reasons PPL got onto the agenda:
  - Social movement and change
  - Labour market pressures
  - Research support
  - International standing
- Introduction of Australian scheme – note wide consultation with employers, community and academics – and also note the role of the Productivity Commission (PC, 2009)
Mothers (partnered) with a child under 15:
- 69% worked in 2008 (63% in 2001)

Sole parents:
- 61% worked in 2008 (52% in 2001)

Mothers (partnered) with a child under 2:
- 52% in 2008 (40% in 2001)

Sole parents:
- 40% worked in 2007 (31% in 2001)

Mothers back to work when child is 8-11 mths, up from 5% to 9% (1996-2006/07)

Women employed in 12 mths before child born, & took formal mat leave:
2007 - 53% (1984 – 28%)

(Wilkins et al., (2011))
 WHICH WOMEN WORKERS HAD PPL BEFORE 1 JAN 2011?

› 37% (Whitehouse et al., 2006), 49% overall (ABS, (2009b)), 52% (WAD))
› 50% of full-time & 22% of part-time workers
› 28% in the private sector, 66% in the public
› 48% of managers & 58% of professionals
› 24% of community & personal service workers & 16% of sales staff
› 11% of accommodation/food services & 18% of retail trade workers (ABS, 2009c)
› Average duration: 9.9 wks (EOWA, (2010)); 11.8 wks (WAD)
The benefit of the government’s Paid Parental Leave scheme is that it extends access to those least likely to ever have PPL via collective bargaining or company initiative.
Began 1 January 2011

Three Objectives:

1. Enhance Infant and maternal wellbeing
2. Increase female workforce participation
3. Improve gender equity at home and at work
THE PAID PARENTAL LEAVE SCHEME

› Government funded
› 18 weeks at fed min wage (currently $589.40pw = $10,609.20)
› Start date any time in first 12 months as long as completed by time infant is 12 months old
› Wide eligibility - permanent employee, a casual worker, contractor or self-employed, with 330 hours of work in 10 of the previous 13 months
› From 1 July 2011, employer as pay administrator for 12 months employees, although can opt in to pay other categories with less service
› Not available: pre-birth; at half-pay; as lump sum
› Is taxed
› Alternative choice to Baby Bonus
› FaHCSIA (& FAO & Centrelink) the responsible department – not DEEWR

Email address for queries: ppl@fahcsia.gov.au

Submissions to Senate identified the following responses from employer groups:

- Wide support for government funding
- Acknowledged benefits
- Appreciated consultation process
- *Considered interaction with other schemes
- *Raised concerns and objections

(Baird, (2011)).
Possible Options:

- PPL scheme only

› PPL scheme + introduction of employer PPL funds for the first time, eg through top-up govt scheme. (28% of organisations surveyed don’t provide PPL. Almost a quarter of these organisations are considering introducing co PPL in addition to the govt PPL. 47% will offer to pay the difference between the government payment and the employee’s full pay for 13 weeks (at the median), (Mercer, 2010).

- PPL scheme + existing company scheme without change

- PPL scheme + enhanced existing company scheme: eg extended to 18 weeks; add paid paternity leave; top-up to replacement wages; Superannuation

- PPL scheme and reduction of company scheme
Opposition to the payroll function, inadequate payroll systems, administrative costs and burdens:

- Government delayed introduction by 6 months
- permitted payment to employers in 3 x 6 week tranches & employers can keep interest earned

Superannuation payment and accrual of leave

- Employers’ superannuation contribution dropped
- Accrual of leaves not included
WHAT EMPLOYERS SHOULD DO – FOR EMPLOYEES

› Encourage employees to come and discuss PPL ASAP
› Know where to direct them for more information: www.familyassist.gov.au
› Encourage them to apply ASAP (up to 3 months before birth) to avoid delay in payments
› Discuss preferred timing of PLP during their leave
› Provide an employee with information they must supply to FAO
› Help an employee with information they must supply to FAO e.g.:

› Their contract: hours, permanent/casual/contract
› The date they started employment with you
› Whether they will still be employed with you when receiving PLP
› Business details: business/trading name, contact person & phone, post address
› Employee identification number if they have one
WHAT EMPLOYERS SHOULD DO – FOR THE ORGANISATION

› Act quickly when you receive the Employer Determination to be the paymaster for employee’s PLP
› An employer has **14 days from the date of the notice** to accept or seek review (penalties apply)
› PLP funds will go to specified bank account: no obligation to pay till funds received
› Withhold PAYG tax & pay employees in normal pay cycle
› Payslip/written record to go to employee **within 1 work day** stating PLP payment and required information
› Keep records of PLP funds in and out
› If employee returns early or resigns/is terminated, notify Centrelink asap
 › Up to 10 paid KIT days allowed before end of PPL period, without losing the Govt. payment
 › To keep employee ‘in touch’ with workplace and facilitate return
 › Designed to enable participation in workplace activities e.g. planning meeting/training course
 › By voluntary agreement
 › Not within 14 days of the birth
160 organisations surveyed in April 2011

› 64% provided some PPL

› **Changed scheme after Govt PPL?**
  › 58% - no change
  › 26% - increase organisation’s contribution

› **Perception of impact of scheme**
  › 40% saw negative impacts e.g. c.2/3 had to resource explaining scheme to staff
  › 60% were more positive e.g. c.2/3 introduced systems to improve dealing with PPL requests

› (Managing Work/Life Balance International, (2011))
Study conducted 5 years after Paid Family Leave introduced

Businesses reported ‘positive’ or ‘no noticeable’ effect on:

- morale: 98.6%
- turnover: 92.8%
- profitability/performance: 91%
- productivity: 88.5%
- 87% reported no resulting cost increases
- Employers of under 100 employees: less likely to report negative effects
A NEW GENERATION OF POLICIES FOR AUSTRALIAN EMPLOYEES AND EMPLOYERS

› Paid parental leave
› Right to request extended unpaid parental leave
› Right to request flexible work practices
› Individual flexibility agreements
› Proposed Gender Equality Act
Paid Parental Leave: What employers need to know

On 1 January 2011, Australia’s first national Paid Parental Leave scheme was introduced. It’s a new entitlement for working parents, funded by the Australian Government.

18 weeks Fully Government Funded

Your workforce may be new parents, older parents returning to work, or workers who have already had a child. The scheme provides you with up to 18 weeks of paid leave, depending on your circumstances.

What about existing entitlements?
The Government’s Paid Parental Leave scheme replaces existing employer-based leave and the Family & Parental Leave Payment. It provides more generous, fully funded leave for new parents.

Full parental leave is provided in addition to existing employer-based parental leave and the Family & Parental Leave Payment. This means that employees can receive up to 12 months of paid leave for the birth or adoption of a child.

Eligible employees are those who have a child under the age of 5 years or are the opposite-sex partner of a person raising a child under 5 years. Employees are eligible to apply for a

Visit us at: www.australia.gov.au/paidparentalleave
Employers: 13 11 58  Parents: 13 61 90

A new entitlement for working parents

For more information, please visit: www.australia.gov.au/paidparentalleave

Employer’s Guide

Paid Parental Leave

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Employer’s Guide

Paid Parental Leave

A new entitlement for working parents
Attraction
Retention
Improved Morale
Employer branding in the market
Pace setting
Contemporary policy matching contemporary workforce
(Charlesworth and Probert, (2005); Charlesworth et al., (2005); Whitehouse et al., (2006))
And further research

…. Our life cycle research approach:

‘Who Cares: Mature workers with elder care needs’

Interested?

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References


*Workplace Agreements Database* (WAD), Department of Education, Employment and Workplace Relations, Canberra.