

The National Foundation for Australian Women (NFAW) has compared and contrasted Paid Parental Leave (PPL) schemes of the major political parties in the lead-up to Election 2013. In doing so, NFAW has assumed that a national PPL scheme should address both the provision of appropriate time for the child and parent to establish settled relationships, and strategies which encourage and maintain the principal carer's work-force attachment. Supporting partner involvement in the early months of the child's life should also be a goal.

Desirable features to be checked are:

1. Length/duration of proposed scheme
2. Provisions to maintain connection with and return to the workforce
3. Provision of a reasonable level of income, without promoting cost shifting between industrial instruments and tax revenues
4. Equitable in terms of distribution of Government funds as between individuals
5. Effectiveness as enabling return to the workforce, as compared with other policies

The core differences between the major parties are

1. The Liberal scheme is more generous in the duration, the amount and includes superannuation but is silent on the relationship to existing entitlements. Currently many women are entitled to employer based entitlements in addition to the existing PPL.
2. The current scheme (ALP) retains connection with the workplace through employer payment mechanisms while the Liberal proposal removes employer involvement in the payment in order to reduce compliance costs.
3. Imposition of a levy on income over a set threshold provides an incentive for employers to minimise income below that threshold. This not only impacts on the levy (in this case potentially saving \$75,000) but also reduces other corporate tax collections.

The policy review has been prepared by the following members of the NFAW Social Policy Committee:

- Marie Coleman, retired public servant and Chair of the NFAW social policy committee
- Ruth Medd, Executive Chair Women on Boards and Non-Executive-Director
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About NFAW

The National Foundation for Australian Women (NFAW) works in partnership with other advocacy organisations to advance and promote the interests of Australian women, record and make accessible their histories, and ensure their achievements are handed on to future generations. It is not affiliated to any political party and are independent of Government funding. NFAW strongly supports policies and programs that promote the interests and advancement of women, while maintaining an equally strong commitment to financial equity in the distribution of scarce public financial resources.

	Existing PPL Scheme	Liberal Proposed Scheme	Employer Schemes (Industrial Instrument)
Eligibility	Not available if salary over \$150,000 Worked at least 10 months of previous 13 months. Worked at least 330 hours No more than 8 week gap Note budget proposal to incorporate previous PPL as worked time	Use same tests as government scheme	Must be an addition to PPL Scheme Some schemes are more generous for employees with longer service Up to 2 years unpaid leave
Rate	minimum wage	Greater of replacement wage, capped at \$150,000 or minimum wage	Normal wage + superannuation
Period	18 weeks to primary carer	Up to 26 weeks parental leave with 2 weeks to be allowed as paternity leave.	6 – 16 weeks
Pay Agent	Employer: designed to maintain attachment to labour force	Family Assistance Office: designed to reduce compliance costs to employers	Normal pay
Funded by	General revenue	1.5% levy on companies with taxable income > \$5m pa Note that this provides incentive to keep taxable income below \$5m	Employer
Superannuation	Not covered	Mandatory Superannuation included	Included
Partner	2 weeks at minimum wage	2 weeks at greater of replacement wage or minimum wage	1 – 3 weeks paid Up to 1 year unpaid
Other Benefits	Alternative to (former) Baby Bonus & FTBB	Alternative to Baby Bonus & FTBB	Return to work bonus: up to 11 weeks pay Childcare facilitation Leave Purchase Schemes

Making an informed vote: Comparison of Paid Parental Leave Schemes

Existing Schemes	Payable in addition to existing entitlements under industrial instruments or other laws		WGEA data: of those firms paying maternity leave 6% cover gap between PPL & normal pay: 12.3 wks 91% pay in addition to PPL: 9.8 weeks
Other Conditions	<i>Fair Work Act:</i> Unpaid leave up to 12 months Right to Request Flexible Work Arrangements (pre school age children)		Guaranteed Flexibility on return

Making an informed vote: Comparison of Paid Parental Leave Schemes

Employer Parental Leave Schemes: Based on Women on Boards Traffic Lights Index 2013 and WGEA “The ‘how to’ guide to employer-provided paid parental leave” http://www.wgea.gov.au/sites/default/files/2013-05-10_branded_ppl.pdf

	Paid Leave	Return to Work Bonus	Super	Flexible conditions	Other
Caltex	12 week	3% pq until child 2			Childcare: assistance with finding place & 5 x emergency care sessions pa Nursing mother facilities
AIX	13 weeks	11 weeks pay after 3 months	40 weeks	Yes	24 months unpaid leave
ASX	12 weeks		52 weeks	Yes	
IAG	14 weeks	6 weeks pay		Yes	
Challenger	12 weeks			Yes	Partner leave 2 weeks
Decmil Group					Keep In Touch Meetings to maintain contact
IOOF	8 weeks			Yes	Leave Purchase option
Magellan	6 weeks			Yes	Partner leave 1 week
Super Retail	Yes			Yes	
CBA	12 weeks		52 weeks	Yes	Partner leave 2 weeks Unpaid leave for both carers
Westpac	13 weeks		32 weeks	Yes	Unpaid leave 2 years Can be shared between carers
ANZ	12 weeks	\$4000 childcare allowance	12 weeks +PPL time	Yes	No qualifying conditions Keep in touch: laptop + software for managers
Swinburne University	14 weeks +38 @ 0.6 after 1 yr			Yes	
Australian Catholic Uni.	12 weeks after 2 yrs: +40 @ 0.6			Yes	Partner leave: 3 weeks after 2 yrs: 40 weeks @0.6
HSBC	15 weeks			Yes	Partner leave 1 week + birth day 104 weeks unpaid leave Leave purchase scheme Consultancy service for working families
Alcoa	16 weeks			Yes	1 week partner leave 2 years unpaid leave

How Many Employers Provide Paid Maternity Leave:

WGEA survey results 2011-12	All reporting organisations		Total
	Currently	Will do so Within 12 months	
Provide paid maternity leave (%)	51.7	5.1	56.8
Average duration (weeks)	9.7		
Provide paid paternity leave (%)	38.1	6.1	44.2
Average duration (weeks)	1.6		

Average weeks currently provided = 18 weeks PPL + 9.7 employer based = 27.7 weeks

Based on: WGEA Data on Paid Parental Leave: www.wgea.gov.au

At what rate of pay?

Paid Parental Leave Results; 2010-11	% orgs	Avg. weeks
Provide paid maternity leave	52.8	9.9
Employer funded PML - pay the difference between the govt scheme and employees salary	5.8	12.3
Employer funded PML - addition to the govt paid leave, pay the employee's full weekly salary	87.8	9.8
Don't know	6.4	
Provide paid paternity leave	36.9	1.9

Where organisation pays the difference between PPL and salary (6%): Average 12.3 weeks on full pay; 5.7 weeks on minimum wage = 18 weeks

Where paid in addition to PPL (90.7%): Average 9.8 weeks on full pay, 18 weeks on minimum wage = 27.8 weeks

Based on: WGEA Data on Paid Parental Leave, unpublished data.

