



# BALANCING WORK AND FAMILY BETTER PAID PARENTAL LEAVE

*The Greens' paid parental leave scheme respects working parents' rights.*

The current paid parental leave scheme underpays and undervalues parents by treating paid parental leave as one-size-fits-all welfare payment, not a workplace right. As working women face increasing pressure, a more caring paid parental leave scheme will give families a better start.

The Government's existing paid parental leave scheme scrapes together a bare minimum for working parents, while the Coalition's promised scheme is overly generous and unrealistic.

The Greens are standing up for Australian families by proposing a responsible and achievable 6 month scheme, which links paid parental leave to earnings and reflects parents' fair entitlements when they take time off work to care for a growing family.

## > CARING PARENTAL LEAVE

The Greens know how important it is to get paid parental leave right. It is the critical foundation for a child's earliest development while respecting and encouraging women's participation in the workforce. We are proposing a more generous paid parental leave scheme that cares for Australian families and promotes productivity and work-life balance.

### **The Australian Greens' paid parental leave (PPL) scheme:**

- **Provides 6 months of paid leave at 100% of the primary carer's regular wage, capped at \$100,000 per annum (\$50K for the 6 months)** which recognises paid parental leave should be a workplace entitlement, not a welfare payment.
- **Includes superannuation contributions** to ensure women are not disadvantaged later in life for taking parenting leave.
- **Provides 2 additional weeks of leave to the secondary carer at 100% of their regular wage, capped at \$100,000 per annum** which means the second parent, often dads, will have secure and fairly remunerated time to bond with their new child.
- **Funded by a 1.5% business levy on companies' taxable incomes above \$5 million**, plus an achievable additional government contribution, of \$1.9 billion over the forward estimates.

## > PAID PARENTAL LEAVE IS AN ENTITLEMENT FOR ALL

It's time for a major overhaul of paid parental leave so that Australia's paid parental leave scheme genuinely reflects the value and entitlements of working parents, as well as the importance of work-life balance in our society and economy.

Under the government's existing scheme, paid parental leave is universally set at the National Minimum Wage of \$622 per week.<sup>i</sup> For the primary carer, that's a payment of approximately \$11,000 over 18 weeks. Around 70% of employed women already earn more than this, particularly full-time workers, so the majority of women still take a significant pay cut to spend the valuable first few months with their new children.<sup>ii</sup>

The Greens' scheme pegs paid parental leave to the salary of each parent to a cap of \$100,000 per annum, and with a safety net floor of the National Minimum Wage, to be paid for 6 months (or 26 weeks). That means over the 6 months the paid parental leave for the primary carer will be between \$16,170 and \$50,000 based on their salary, plus any additional support provided by their employers.

As noted by the Productivity Commission, a well-crafted paid parental leave scheme delivers long run productivity benefits, increases women's lifetime workforce participation and better reflects the fair entitlements of employees.<sup>iii</sup> Families with new babies will have a chance to bond and support each other from the earliest moment, with the additional dad and partner leave able to be used simultaneously or separately with the maternal leave.

Australia should be moving towards a paid parental leave scheme that matches the best in the world. The Greens' proposal is an important step on that path.



## > SUPERANNUATION IS AN IMPERATIVE, NOT A BONUS

As Australia's population ages we are facing a worrying trend of women retiring into poverty. Recent figures show average superannuation balances for women are \$39 000 less than men while payout at retirement is \$85 400 less for women than men.<sup>iv</sup> The significant gap is partially a result of many women being out of the workforce on parental leave at one or more times in their working lives. Only by directly tackling this gap head on by providing superannuation as part of paid parental leave, can we ensure that another generation of women will not fall behind, and the Greens are willing to do that while Labor is not.

By including superannuation at the guarantee rate in our paid parental leave scheme, the Greens are ensuring that women who take time off work will not be even worse off when they reach retirement age.

## > CATCHING UP ON EQUALITY AND WORK-LIFE BALANCE

Many equivalent OECD countries have well-established and generous schemes linked to salaries, including Belgium, Denmark, Finland, France, the Netherlands, Portugal, Sweden and Switzerland.<sup>v</sup>

In **Norway**, parents may choose to take a total of 46 weeks of leave at 100 per cent pay or 56 weeks at 80 per cent pay, and with 10 weeks quarantined for the partner or dad only.

In **Belgium**, new parents' leave is linked to their salary, ranging over the period of paid leave from 100% to 75% depending on the timeframe of leave, the sector and which parent.

In **Sweden**, qualifying parents receive 80% of their usual net salary for the first 390 days of their 480 days of paid leave.

In **Finland**, parents can access 47.5 weeks of leave to be divided between parents and paid at a rate between 30-70% of the parent's most recent salary.

The **United Kingdom** has already partly moved to a wage replacement model with a full 39 weeks paid leave (6 weeks at 90% of full pay and remainder at a flat rate).

## > HELPING PARTNERS AFFORD MORE TIME TO PROVIDE CARE

The Greens understand that shared parenting requires both partners to be involved with caring for children from the earliest possible time. But because the existing paid parental leave scheme only pays the partner at the National Minimum Wage for 2 weeks, many secondary carers currently cannot afford to take up the Dad and Partner Pay entitlement.

The Greens' plan for paid parental leave is fully committed to delivering Dad and Partner Pay that genuinely supports parents to make full use of those two weeks, by setting the rate of paid leave as 100% of the partner's salary capped at \$100,000.

We believe this is important because partner leave has emotional benefits, facilitates bonding, positively affects children's emotional and educational achievements and provides support for the mother or partner.<sup>vi</sup> Children with involved, caring parents have been shown to have better educational outcomes in later childhood.<sup>vii</sup>

Enhancing the take up of Dad and Partner Pay is a crucial step along the road to acknowledging and confirming in practice that men and women should be able to play equal roles in the home and workplace.

## > THE ONLY SCHEME THAT IS AFFORDABLE AND FAIR

The Greens' scheme will be funded jointly by government and business. The Parliamentary Budget Office has costed the 1.5% levy as raising \$5.2 billion over the forward estimates, reaching \$2.6 billion in 2016-17. The additional cost the government from our scheme is \$1.9 billion over the forward estimates.

The levy will be applied to approximately 3145 companies with taxable incomes above \$5 million.<sup>viii</sup> By the 2016-17 financial year the additional cost to government is less than \$200 million making this scheme fairer, more caring and affordable over the long term.

## > OTHER PARTIES

Our scheme is an affordable scheme with much better outcomes than the existing scheme. The Labor government has failed to have the courage to fund a proper scheme. The existing scheme is a bare minimum payment based on a welfare model, rather than putting Australia firmly on the route to paid parental leave as full workplace entitlement as the Greens' scheme does.

Our scheme also avoids the pitfalls of the Coalition's overly generous and unachievable scheme, which is less equitable and will not be accompanied by other critical elements protecting women's rights at work.

The Coalition have yet to release costings on their proposal and it remains unclear how they will pay for it, given the levy will not cover the whole cost. Their scheme also overreaches with a cap on replacement income of \$150,000 when we know that 50% of paid parental leave applicants earn less than \$43,000.<sup>ix</sup> A person with an income of \$105,461 is earning more than 90% of taxpayers, demonstrating that the Greens scheme captures the broad majority of incomes without going to the rolled-gold extent of the Coalition's scheme.<sup>x</sup>



## > FIXING EMPLOYMENT LAWS TO GET THE MOST FROM PAID PARENTAL LEAVE

The Greens are also proposing key changes to workplace laws to make sure that a better paid parental leave scheme is supported by fairer rights at work. We will be backing legislative amendments that link the leave payment to the entitlement for parental leave so there's absolutely no room for misapplication. We'll also be backing legislative amendments for strengthening the right for mothers to return to work with genuine flexibility so they can continue to provide appropriate care for their children.

For new mothers who have recently changed jobs or low income earners in new jobs, the Greens will look to make sure that they do not miss out on paid parental leave eligibility.

The establishment of a better paid parental leave scheme that sets up further improvements in the future will not stop employers from offering better arrangements as part of industrial agreements, and this is encouraged by the Greens.

Unions NSW believes there is certainly room for improvement, particularly to make paid parental leave more available for low to middle income earners who can then afford to take the entire six months off: "Many families are currently finding it extremely difficult to afford taking parental leave paid at the minimum wage. We believe we can relieve that pressure without taking the sort of unbalanced measures proposed by Tony Abbott".<sup>xi</sup>

<sup>i</sup> <http://www.humanservices.gov.au/customer/services/centrelink/parental-leave-payABS>

<sup>ii</sup> <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/6306.0Main%20Features1May%202012?opendocument&tabname=Summary&prodno=6306.0&issue=May%202012&num=&view=>

<sup>iii</sup> Productivity Commission inquiry report, *Paid Parental Leave: Support for Parents with Newborn Children*, No 47, 28 February 2009, paras XXIII and 4.6

<sup>iv</sup> Ross Clare, "Developments in the level and distribution of retirement savings", Association of Superannuation Funds of Australia, September 2011.

<sup>v</sup> [http://www.oecd.org/els/family/PF2.1\\_Parental\\_leave\\_systems%20-%20updated%20%2018\\_July\\_2012.pdf](http://www.oecd.org/els/family/PF2.1_Parental_leave_systems%20-%20updated%20%2018_July_2012.pdf) or the International Network on Leave Policies and Research: [http://www.leavenetwork.org/lp\\_and\\_r\\_reports/](http://www.leavenetwork.org/lp_and_r_reports/)

<sup>vi</sup> Productivity Commission inquiry report, *Paid Parental Leave: Support for Parents with Newborn Children*, No 47, 28 February 2009, para 4.52.

<sup>vii</sup> [http://webarchive.nationalarchives.gov.uk/20130401151715/https://www.education.gov.uk/publications/eOrderingDownload/DCSF-Parental\\_Involvement.pdf](http://webarchive.nationalarchives.gov.uk/20130401151715/https://www.education.gov.uk/publications/eOrderingDownload/DCSF-Parental_Involvement.pdf)

<sup>viii</sup> Australian Taxation Statistics 2010–11, Detailed Tables, Company Tax and Petroleum Resources Rent Tax, Income Items, Table 3A.

<sup>ix</sup> Baird M and Whitehouse G, (2012) 'Paid Parental Leave First Birthday Policy Review', *Australian Bulletin of Labor*, 38(3) pp 184-199.

<sup>x</sup> Australian Taxation Statistics 2010–11

<sup>xi</sup> Mark Lennon, UnionsNSW, Press release 16 June 2013 <http://www.unionsnsw.org.au/press-release/1911/>