

Review of Australia's Paid Parental Leave scheme

Business/Organisation Submission Form

Instructions for completion:

- questions marked with an asterix (*) must be answered
- please save as a Microsoft Word document, other formats will not be accepted
- email your submission to ppl@fahcsia.gov.au
- if you are unable to make your submission by email, you may post a hard copy of your submission to:

Paid Parental Leave review – FaHCSIA
AW3
PO Box 7576
CANBERRA BUSINESS CENTRE ACT 2610

The closing time for submissions is **5pm Friday 31 May 2013.**

Information and resources to help you prepare your submission are available on the website at www.fahcsia.gov.au/PPLreview.

Part A: Confidentiality statement

x I have read and agree to the conditions outlined in the [Privacy Information](#) (A1)*

We encourage you to allow your submission to be shared with other members of the public to promote discussion. If you would prefer your submission be treated as confidential please tick the following box:

☐ Please treat my submission as confidential (A2)

Part B: Your name or business/organisation name

B(b)1. Business/organisation name*: Early Childhood Australia (ECA)

B(b)2. Details of the contact person for this submission*

B(b)3. Title: CEO

First name: Samantha

Surname: Page

B(b)4. Email address*: spage@earlychildhood.org.au

B(b)5. Phone number: 02 6242 1800

Part C: Information about your business/organisation

C(b)1. Which of the following best describes your business or organisation?

- ☐ A private sector “for profit” organisation
- ☒ A private sector “not-for-profit” organisation
- ☐ A government business or enterprise or commercial statutory authority
- ☐ Another government organisation such as a public service department, local council, school or university
- ☐ Other type of business/organisation: **<please add your business type here>**
- ☐ Not sure

C(b)2. Does your business/organisation operate from more than one location?

- ☒ Yes
- ☐ No
- ☐ Not sure

C(b)3. Where is the primary location of your business/organisation?

- ☐ NSW
- ☐ VIC
- ☐ QLD
- ☐ WA
- ☐ SA
- ☐ Tasmania
- ☐ NT
- ☐ ACT
- ☒ National
- ☐ International
- ☐ Not sure

C(b)4. Please provide a brief description of your business/organisation? (eg. sector, type of products or services, etc.)

Early Childhood Australia (ECA) has been a voice for young children since 1938. We are the peak early childhood advocacy organisation, acting in the interests of young children, their

families and those in the early childhood field. ECA advocates to ensure quality, social justice and equity in all issues relating to the education and care of children from birth to eight years.

ECA is very supportive of an effective scheme for supporting parents to spend time with infants and children newly adopted into a family. We now have more than 50 years of research on the importance of attachment and bonding between babies and their parents including the long term social and emotional wellbeing benefits to be gained from supporting families through this transitional period. ECA believes that the Paid Parental Leave scheme has an important role to play in supporting parents to take time away from the workforce and spend time bonding with infants, thus creating the conditions for good attachment. For the scheme to be effective in this sense, it is important that parents are encouraged to access the scheme and receive the financial support that they need but also that the process minimises stress or uncertainty for new parents. The process of application and its support amongst employers and the broader community is therefore also significant.

ECA has a membership network of nearly 4,000 individuals and organisations across Australia. We have canvassed this network to identify strengths and weaknesses of the current scheme which provides the basis for this submission. A summary of our recommendations is provided below.

Summary of Recommendations

1. That the window for application is extended to six months prior to the predicted arrival of the baby or child and that families are encouraged to apply early.
2. That Centrelink prioritise applications that are yet to be finalised within six weeks of the predicted arrival of the baby or child to avoid families being in an uncertain position close to that time or in the early days of taking on new parenting responsibilities.
3. Increase public education on the Paid Parental Leave scheme including more effective information resources that early childhood services can disseminate to the families they have contact with.
4. Provide more support to small business and small NGOs that do not have dedicated administration or finance staff to understand the PPL scheme and how to interact with it on behalf of their employees.
5. Long-term the PPL should be increased and extended to support parents to spend a full 12 months out of the workforce after giving birth or adopting one or more children.
6. Retain the work requirements for the Paid Parental Leave scheme but review welfare payments available to new parents who have not recently participated in the paid workforce.
7. Increase payments made under Paid Parental Leave to include the payment of the Superannuation Guarantee.

C(b)5. Approximately how many people does your business/organisation usually employ (that are paid a wage or salary)?

- ☐ Less than 5
- ☐ 5 to 19 employees
- ☒ 20 to 99 employees
- ☐ 100 to 199 employees
- ☐ 200 employees or more
- ☐ Not sure

C(b)6. Is your business/organisation registered to provide Government-funded Parental Leave Pay to its employees?

- ☒ Yes
- ☐ No
- ☐ Not sure

C(b)7. Does your business/organisation offer its employees any **paid** leave to care for children, funded by your business/organisation, in addition to the Government's Paid Parental Leave scheme?

- ☒ Paid maternity leave (for mothers to care for their children after birth)
- ☒ Paid paternity leave (for fathers to care for their children after birth)
- ☒ Paid primary carer's leave
- ☐ No employer-funded paid leave to care for children after birth
- ☐ Not sure

C(b)8. If there is any other information you would like to provide about your business/organisation, please do so here:

Part D: Your response to the review questions

Please answer any or all of the questions below. Your answers will be most useful if you include explanations and evidence. We encourage you to use the [information and resources](#) provided on the PPL review webpage to help you prepare your submission.

D1. How does the scheme work in practice for parents, including parents' awareness of the scheme and their experience of applying for, and receiving, Parental Leave Pay?

ECA's understanding from early childhood service providers and parents is that the scheme works well generally but there are some potential improvements to accessibility. In particular, we have heard that the timeframe for application is considered to be too short.

Currently, an application can only be made within three months of the predicted birth or adoption date. This can be problematic for some parents and employers because it may take time for the application to be assessed, particularly when additional information is needed. This can lead to a period of uncertainty when parents are unable to make decisions about the length of parental leave they will take, when they will return to work or when they may need to arrange child care. In some cases the application process is still occurring when the baby arrives and this can put additional stress on the family. ECA believes that the scheme could be improved by extending the timeframe for making applications and encouraging parents to apply early in order to ensure the process is resolved and any period of uncertainty is minimised well before they need to rely on the PPL income.

Recommendation 1: That the window for application is extended to six months prior to the predicted arrival of the baby or child and that families are encouraged to apply early.

Recommendation 2: That Centrelink prioritise applications that are yet to be finalised within six weeks of the predicted arrival of the baby or child to avoid families being in an uncertain position close to that time or in the early days of taking on new parenting responsibilities.

Awareness of the scheme is high amongst our sector which employs a large proportion of women of childbearing age and provides early childhood services to families. However, feedback from early childhood services is that they often see a lack of understanding amongst the general public with parents often unsure about how the scheme works and what they may be entitled to receive.

Some ECA members have suggested that more public education is needed. Early childhood services are also well placed to provide effective information resources to the families they have contact with (including those who call to make inquiries about care or put their name on a waiting list). ECA could facilitate consultation with services to inform the development of resources if that would be helpful to those administering the scheme.

Recommendation 3: Increase public education on the Paid Parental Leave scheme including more effective information resources that early childhood services can disseminate to the families they have contact with.

D2. How does the scheme work in practice for employers, including employers' experience of receiving Paid Parental Leave funds and providing Parental Leave Pay to their employees?

As an organisation, ECA has not had any issues in receiving or delivering payments to employees who have applied for Paid Parental Leave. Some of our member organisations have expressed concern regarding the amount of paperwork associated with delivering the payment and it has been suggested that the paperwork represents a significant impost for small non-government organisations and small businesses which do not have a dedicated financial position within the organisation. The *Employer Toolkit* is very comprehensive but text based and potentially time consuming to work through. An online step-by-step guide or a small business hotline might be potential ways to support smaller organisations and businesses.

Recommendation 4: Provide more support to small business and small NGOs that do not have dedicated administration or finance staff to understand the PPL scheme and how to interact with it on behalf of their employees.

D3. How much time do mothers and fathers (or other partners) take off work after the birth or adoption of a child – including with the Government’s Paid Parental Leave and employer provided leave entitlements including paid and unpaid leave?

ECA does not have any data on time taken off by parents, except for internal employees which have ranged from six to twelve months. The Productivity Commission (2009) previously found that access to paid maternity leave has been increasing for female employees.

As articulated in our earlier submissions on this subject, ECA remains of the strong view that the period of paid parental leave should be no less than twelve months. We believe that the evidence in terms of child wellbeing, maternal health and a commitment to the principle of shared parental responsibility for children support this position. From this, ECA suggests that there should be a minimum of 12 months paid parental leave and that for the first six months priority should be given to paid maternity leave. We also believe that there is considerable merit in making provision for a period immediately after the child's birth for a paternity leave. The decision about who takes leave in the second six months should be the families’ decision. Adoptive parents should have the same rights. ECA further suggests that the responsibility for funding this leave should be a whole of community responsibility and should not be the responsibility of employers alone. The question of whether parental leave payments should be at the same amount for everyone is complex and we do not have a final view at this time. We do submit, however, that it is vital that paid leave provisions are sufficient to act as a strong incentive for people to access the leave, rather than return to work immediately after taking on new parenting responsibilities.

Recommendation 5: Long-term the PPL should be increased and extended to support parents to spend a full 12 months out of the workforce after giving birth or adopting one or more children.

D4. What do you think about the availability of other types of leave, including unpaid leave and any paid leave provided by employers, as well as other employer provided benefits?

ECA is of the strong view that the period of paid parental leave should be no less than the current 18 weeks. We are in favour of the Fair Work Act 2009 which outlines that full time, part time and eligible casual employees are entitled to unpaid leave after 12 months of continuous employment for parental leave for up to 52 weeks. We believe that there is considerable merit in making provision for a period immediately after the child's birth for paternity leave. We also believe that the evidence in terms of child wellbeing, maternal health and a commitment to the principle of shared parental responsibility for children supports this position.

One of the problems with the current system is that many new parents will use all available forms of leave—including annual leave and long service leave to extend their time at home before returning to work. This is well intentioned but can leave them exhausted prior to the commencement of leave and/or for up to a year after returning to work because they have no leave available for normal breaks. The first year back to work after having a child can be a challenging time already without starting with no leave entitlement or prospect of a break.

ECA would like Paid Parental Leave increased (as per recommendation 5) so that new parents can retain some annual and long service leave for normal use.

D5. How do employer-provided leave and other employer entitlements interact with the Government's Paid Parental Leave scheme?

Early childhood services often have a paid parental leave entitlement that operates in addition to the Federal Government's Paid Parental Leave scheme. For example, at ECA, employees are entitled to take 52 weeks consisting of six weeks paid leave (in addition to any other parental leave paid by the Government) paid by the organisation and 46 weeks of unpaid leave. Employees may elect to either shorten or lengthen their nominated period of leave on one occasion, provided that they give ECA at least four weeks' notice of the proposed arrangement. Employees hired to fill the position of staff on parental leave must be fully informed as to the temporary nature of the position and the rights of the employee they are replacing. Individual employees may negotiate with ECA as to how they receive their entitled parental leave payments within the parameters of the organisational policy.

D6. What do you think about how the Paid Parental Leave work test operates? The work test is the set of rules about how much a parent must have worked before the birth of the child to be eligible for Parental Leave Pay.

ECA is supportive of the minimum work requirements for parent's to access Paid Parental Leave. This emphasises that the scheme is an income replacement entitlement rather than a welfare payment.

At the same time we also believe that welfare payments for non-working families should be adequate in amount and duration to support them to spend quality time with an infant or newly adopted child in the first 12 months. Children born to parents who are not working have the same right to a good start in life and these families may be starting from a position of disadvantage. A case management approach may be needed to assist families to address health, housing or financial issues that could otherwise impact negatively on their time for bonding with a new baby or child.

Recommendation 6: Retain the work requirements for the Paid Parental Leave scheme but review welfare payments available to new parents who have not recently participated in the paid workforce.

D7. What do you think about the process for fathers and other partners to access payments under the Paid Parental Leave scheme including in the rules that set out how a mother can transfer unused Parental Leave Pay to her partner?

ECA is supportive of parents having choice when making decisions regarding the care of their children. The current Parental Leave scheme arrangements are a major shift in recognising that both parents have caring responsibilities.

ECA recognises that the issue of who should have access to leave payments (mother, father and/or both, natural parents and adoptive parents) is complex and the decision should be made by the family and not pre-determined by the scheme.

D8. Should superannuation contributions be made on top of Parental Leave Pay, and how should superannuation contributions work?

Women hold only 37 per cent of Australia's total superannuation savings, compared to 63 per cent for men (The Association of Superannuation Funds of Australia, 2013). Part of the reason is the wage inequality that exists between the sexes and the other major factor is parental leave. Women typically take more time out of the workforce for parental leave which contributes to their lower average superannuation balance. ECA encourages the government to consider paying superannuation contributions on top of Parental Leave Pay to ensure that differences in entitlements are reduced. Paid parental leave is considered by the government to be equivalent to wages in terms of income tax and other treatment of

individuals. Consistent with this, it would be appropriate for the Superannuation Guarantee (SG) to apply to such payments (Clare, 2012, p. 3).

Recommendation 7: Increase payments made under Paid Parental Leave to include the payment of the Superannuation Guarantee.

Part E: Further information and attachments

Please include any images, tables, graphs, additional information and/or attachments in this part of the document.

ECA submits that there is no trade off between investing in important relationships for newborns, infants and young children and the economic productivity gains required by the nation now and in the future.

Reference List

Clare, R. (2012). *'Equity and superannuation – the real issues'*, The Association of Superannuation Funds of Australia White Paper, p 3.

Productivity Commission. (2009). *Paid Parental Leave: Support for parents with newborn children* (Report No. 47). Canberra: Productivity Commission.

The Association of Superannuation Funds of Australia. (2013). *'Sixty Minute Super Incentive'* media release, accessed 13 June 2013, www.superannuation.asn.au/media-release-7-march-2013.