

Local Government Association of NSW  Local Government *WorkplaceSolutions*

Paid Parental Leave

IRS Annual Convention - May 2011

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Providing councils with specialist services in learning and development, industrial relations, legal and employment and management solutions.

Paid Parental Leave

Agenda

- Introduction
- *Paid Parental Leave Act 2010* (Cth)
- International comparison
- The NSW Local Government response
- Issues arising from the NSW Local Government response

Paid Parental Leave Act 2010

Entitlement:

- 18 weeks at the federal minimum wage (\$570/week)
- or
- Baby Bonus + Family Assistance Benefit

Paid Parental Leave Act 2010

Eligibility:

Work Test	at least 330 hours in 10 out of 13 months
Residency Test	An Australian resident – primary place of work is Australia Special category visa holder residing in Australia
Income Test	Income limit = \$150,000 until 2014*
Primary Carer	The child is in the person's care for the period Person meets the child's physical needs more than anyone else
Not have returned to work or entitled to baby bonus	Must not have returned to work Employee entitled to 10 "keeping in touch" days


Paid Parental Leave Act 2010

Work Test:

- *Step 1* Work out the person's **work test period** (392 days - date of birth of child or expected date of birth)
- *Step 2* Work out days performing **qualifying work** (at least 1 hour per day or paid leave)
- *Step 3* Work out if there are any **permissible breaks** (up to a maximum of 56 days or 8 weeks)
- *Step 4* Work out whether the **qualifying period** is satisfied (i.e. 295 days or 10 months)
- *Step 5* Does the person satisfied the **work test?** (i.e. at least 330 of qualifying work in the qualifying period)

International Comparison

- Prior to 2010 Australia and USA the only 2 OECD countries not to offer PPL
- 2007- Australia ranked 23/24 of OECD countries in relation to levels of workforce participation for women aged between 25 and 44
- 2009 – PC found that 57% of mums returned to work before baby reached 12 months old



International Comparison

Australia's top two-way trading partners:

COUNTRY	ENTITLEMENT	% WAGES	WHO GETS	WHO PAYS
China	90 days (18wks)	100%	Women	Employer
Japan	14 weeks	60%	Women	Social Security
United States	0 weeks	-	-	-
Singapore	8 weeks	100%	Women	Employer
United Kingdom	39 weeks	90% for 6wks, then flat rate	Women	Social Security
Korea	90 days (18wks)	100%	Women	Employer
New Zealand	14 weeks	Flat rate	Women	Employer

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International Comparison

The early sprinters...


COUNTRY	ENTITLEMENT	% WAGES	WHO GETS
Bulgaria	78 weeks	1 st yr 100% 2 nd yr fixed rate	Can be shared
Denmark	52 weeks	100%	Female
Hungary	24 weeks	100%	Female
Ireland	26 weeks	100%	Can be shared
Lithuania	52 weeks	100%	Female
Norway	46 weeks or 56 weeks	46wks @ 100% (56wks @ 80%)	Can be shared
Slovenia	52 weeks	100%	Female

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Crystal Ball Gazing...

Crystal ball gazing...

- ACTU / unions – would like 26 weeks
- Liberal Party – 26 weeks?
- National Party?



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NSW Local Government

Former 2007 Award entitlement:

- 9 weeks maternity leave at full pay / 18 weeks at half pay
- LSL, AL and SL accrue (on the award's paid leave entitlement)
- Superannuation contributions required

Eligibility criteria:

- Only applied to female employees (in connection with the pregnancy or birth of a child)
- 12 months continuous service with council
- Full time, part time and regular and systematic casuals

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Options considered

1. A top-up Paid Maternity Leave Scheme (females only) or
2. A top-up Paid Parental Leave Scheme (females and males) or
3. Increase the existing award entitlement to Paid Maternity Leave (females only):
 - i) 12 weeks?
 - ii) 14 weeks?
4. Finance sector approach
5. Status quo (award remains at 9 weeks)

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Reasoning for NSW LG approach

- **No. employees that took paid maternity leave in 2009:** 464
- **No. employees that took supporting parent leave in 2009:** 314
- **Cost of Paid Maternity Leave in 2009:**
 - \$4,071,363.42 (not including replacement costs)
 - Approx 0.3% of council salary/wage expenditure

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Incidence of Paid Maternity Leave in 2009

Operational (Band 1)	
Level 1	5
Level 2	12
Level 3	45
Level 4	31
Administrative / Technical / Trades (Band 2)	
Level 1	103
Level 2	87
Level 3	28
Professional / Specialist (Band 3)	
Level 1	51
Level 2	86
Level 3	53
Level 4	20
Executive (Band 4)	
Level 1	7
Level 2	4
Level 3	0
Level 4	1

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2010 Award provisions

The 2010 Award has two options:

- 2007 PML provisions (preserved)
 - 9 weeks maternity leave at full pay / 18 weeks at half pay;
 - LSL, AL, SL accrues and superannuation contributions required; AND
 - PPL installments (18 weeks @ FMW)

OR

- Paid Parental Leave Make-up Pay
 - 'top up' to employee's full pay for 18 weeks;
 - LSL, AL and SL accrue (on full pay)
 - Superannuation contributions required (on full pay)

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2010 Award provisions

Deputy President Grayson, NSW IRC, 27 September 2010:

"...I consider this to be an innovative and logical integration of award entitlements and applicable federal legislation. Furthermore, NSW local government would be one of the first industries to build on the new statutory paid parental leave scheme at an award level."

"The non-discriminatory aspect of the proposal would for the first time provide parental leave without discriminatory assumptions based on gender and will allow parents of either gender to elect to be the primary carer."

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Issues with NSW LG approach

Key issues from councils:

- Understanding of interaction between the Acts and Award
- Payment of 'keeping in touch' days
- Payroll systems and payslips
- PPL Make-up pay at half pay
- PPL Make-up Pay and public holidays
- What to do if PPL installments have not been received from Centerlink

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Questions



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