



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

PAID PARENTAL LEAVE BILL 2010

**PAID PARENTAL LEAVE (CONSEQUENTIAL
AMENDMENTS) BILL 2010**

Second Reading

SPEECH

Monday, 31 May 2010

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Sidebottom, Sid, MP

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Mr SIDEBOTTOM (Braddon) (1.28 pm)—As much as I admire the member for Gilmore and, indeed, I will be seconding one of her private member's motions today, it is really important that the member for Gilmore perhaps reflects a little bit on the history of the passage of the Paid Parental Leave Bill 2010 and related bills, which I hope the opposition will be supporting. The first thing to note is that this Paid Parental Leave scheme has been in the making for decades. At last a government is prepared to commit to it and act on it.

I found it a bit rich that the member for Gilmore and, before her, the member for Dunkley were parading before us the alternative parental leave plan of the opposition, which is uncosted and essentially unknown—uncosted and essentially unknown—and then tagged with what they term 'a levy' of 1.7 per cent on so-called large companies when in actual fact that levy is a tax. Treasury has modelled this taxation plan of the opposition and compared it to the government's tax plan, and I have to tell you that the opposition's tax plan is a negative for the Australian economy in so many ways: on wage growth, on gross domestic product and on consumer prices. That is the effect—lost, I must add, in the whole hullabaloo surrounding the Resource Super Profits Tax. Finally, although those on the other side stand up here and say that their alternative, uncosted proposal is so much better than the government's, they are led by an opposition leader who said that there would be paid parental leave in this country over his dead body. I think that speaks for itself.

I would like to now turn to the positive in this debate and congratulate the government and everyone else who has worked so hard to get a paid parental leave scheme in this country. The government funded scheme will provide parental leave pay to mothers and adoptive parents who have been working and have a baby or adopt a child on or after 1 January 2011. I think everyone in this House would agree that we have never got the balance between family and working life right, and we may not have it right even with this positive legislation; but it goes a long way towards trying to restore and encourage a balance between working life and family life, particularly, in the main, for women and our mothers, who carry the greatest burden and indeed the greatest pleasure, I suppose, of the nurturing

role in our society. So this is a positive, and it was a long time coming.

The government's Paid Parental Leave scheme is fair to families and also fair to business. Paid parental leave will give babies the best start in life, it is hoped and it is intended. It means one parent has the financial security to take time off work to care for their baby full time at home during the vital early months of social, cognitive and physical development—a very, very important development stage. The government's scheme meets the challenges and realities of modern family life, giving more parents time at home with their new baby and helping them balance their work and family responsibilities. It also supports women to maintain their connections with the workforce and boosts workforce participation. The government's scheme, fully costed and fully funded, lets families make their own work and family choices. Parents can transfer the leave, so mums and dads have more options for balancing work and family life. So this scheme contains options, and modern families need the flexibility of options.

Also, under the government's scheme, women in particular in seasonal, casual and contract work and the self-employed will have access to paid parental leave, most of them for the very first time. This is a sector of the workforce that has been inhibited for a long time in trying to balance work and family life because they have not been eligible for parental leave schemes in the private sector and/or, in some cases, in the public sector.

To be eligible for the scheme, claimants will need to meet the paid parental leave work test, income test and residency requirements. The claimant must be the primary carer of the child from birth or adoption and have verified the child's birth or adoption. Under the government's scheme, paid parental leave is for a maximum of 18 weeks and must be taken in one continuous block. It will be paid at the rate of the national minimum wage, which currently is \$543.78 per week before tax. Parental leave pay will be treated in the same way as other taxable income. Parents can nominate when they wish to receive their pay. The start date can be on or after the child's date of birth or placement but not before, and all the pay must be received within the first 12 months after the date of birth or placement.

Now, parental leave pay can be received before, after or at the same time—and it is very important to remember this—as employer provided paid leave, such as recreation or annual leave, and indeed employer-provided parental leave. A parent will not be able to work while receiving parental leave pay but may, in the words of the legislation and in the literature that has been provided on the scheme, ‘keep in touch’ with the workplace for up to 10 days during the period if this is mutually agreed between the person and their employer. So again there is flexibility there. There is the option to keep in touch with, importantly, what is happening in the workplace and of course to maintain the social connections that are so important in the workplace itself.

If a person returns to work before they have received all of their 18 weeks of paid parental leave, the person’s partner may be able to receive the unused amount of paid parental leave, subject to meeting the eligibility requirements that I mentioned earlier. Again, this offers families the flexibility to make choices in relation to paid parental leave. If this option is not taken up by the family for one reason or another, the paid parental leave will stop when the person returns to work.

The bill provides for subordinate legislation—indeed, which we are dealing with—to give eligibility for parental leave pay to other carers in exceptional circumstances, either as a primary claimant or a secondary claimant, where the parents are incapable of caring for the child and are expected to remain so for at least 26 weeks. It can also cover situations where there are parenting orders resulting in the mother and her partner no longer caring for the child. There may be unfortunate circumstances affecting families, particularly of newborns. This provides financial support for those who become the primary carer for whatever reason and in whatever exceptional circumstances may exist.

If parents are not eligible for or do not choose to receive paid parental leave, they may be able to receive the baby bonus and family tax benefit under the usual rules. An online paid parental leave estimator will be available from September 2010 to help parents choose the option that is best for them. Indeed, this has potential benefit payment and taxation implications like similar schemes elsewhere. It is important that families and individuals take note of how it will affect their financial circumstances. The estimator is designed to allow people to do that.

Parents will lodge their claim at the Family Assistance Office. It will assess the parent’s eligibility. Claims can be lodged up to three months prior to the expected date of the birth or placement, so this allows people to prepare for this scheme and provides

some options for them. Once the scheme is fully implemented, parental leave pay will be provided by employers to their long-term employees. That is the intention of the scheme once it is fully operational. A ‘long-term employee’ is a person who has been an employee of the employer for 12 months or more prior to the expected or actual date of birth or placement of the child.

The Family Assistance Office will send a notice to an employer if they are required to pay an employee parental leave pay. It will also advise the parent of this. In other cases the Family Assistance Office will make the payment directly to the parent. The Family Assistance Office will assist both employers and employees to make the scheme work efficiently and effectively for everyone involved. The Family Assistance Office will ensure that funds are made available to an employer in advance of the employer’s obligation to provide parental leave pay to an employee. These funds may be received in as few as three equal instalments. If employers adhere to their normal and proper pay practices when providing parental leave pay to their employees, they will not breach any of their obligations under the Paid Parental Leave scheme. Parental leave pay is not a leave entitlement and does not convert unpaid leave into paid leave or result in the accrual of any additional paid leave entitlements by employees.

That is the heart of the government’s Paid Parental Leave scheme. It is designed to assist families and to offer them flexibility and options at a time when they need financial assistance. Most importantly, it will allow the primary carer to have that time, whether out of the workforce or not, to try to balance the importance of family life and employment. It is also very important, if you look at the economic bottom line, as a productivity issue. It allows us to keep people in the workforce—most importantly, females—who play such an important part in the productivity of our nation and in the social capital of Australia.

In conclusion, I want to reiterate some of the key points of the scheme. First and foremost the scheme will take effect as at 1 January 2011. It is funded by the Australian government. It is fully costed and fully funded. It is for mothers who have been working before the birth of their child but it can be transferred to the other parent. It is paid at the national minimum wage, currently \$543.78 per week before tax. It lasts for up to 18 weeks and can be taken at any time in the first year after birth. It is also available to adoptive parents.