



GOVERNMENT PAID PARENTAL LEAVE SCHEME- ALL EMPLOYERS MUST PARTICIPATE

What is the Paid Parental Leave scheme?

The Paid Parental Leave scheme is an **Australian Government-funded** entitlement for working parents who are primary carers of children born or adopted from 1 January 2011 (employers don't provide the money that is paid to employees).

Parental Leave Pay is paid for a maximum of 18 weeks and is a taxable payment paid at the National Minimum Wage, currently \$570 a week before tax.

An employer's role in providing Parental Leave Pay (*paying the money provided by the Government to the employee*) will be voluntary until 30 June 2011 and compulsory from 1 July 2011.

Who is entitled to Parental Leave Pay?

Most working parents, including full-time, part-time, self-employed, casual, contract and seasonal employees may have access to Parental Leave Pay provided they meet the eligibility criteria. An employee will be eligible if they:

- are an Australian resident
- are the mother of a newborn child or the initial *primary carer* of a recently adopted child
- have met the Paid Parental Leave *work test* before the birth or adoption occurs, and
- have received an individual adjusted taxable income of \$150 000 or less in the previous financial year.

The birth mother or the initial primary carer of an adoptive child must usually apply for Parental Leave Pay, unless there are exceptional circumstances. You can transfer part, or all of the Parental Leave Pay to another primary carer, such as the father, but you cannot both receive Parental Leave Pay at the same time for the same child.

How is a child's 'primary carer' defined?

A child's primary carer is defined as the person who physically cares for the child on a daily basis. This person would be responsible for meeting the child's physical needs. A child's primary carer can be:

- the birth mother
- the adoptive parent
- the partner of the birth mother or adoptive parent, **or**
- the child's other legal parent or their partner.

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A birth mother you can receive Parental Leave Pay for up to 18 weeks after the birth even if they are not the primary carer of the child. The primary carer can also receive Parental Leave Pay for the same child if they are eligible. This may apply for adoption or surrogacy arrangements.

The Paid Parental Leave work test

An employee will meet the Paid Parental Leave work test if they have:

- been in paid work continuously for at least 10 of the 13 months prior to the birth or adoption of the child, **and**
- worked for at least 330 hours in that 10 month period (just over one day a week) with no more than an eight week gap between two consecutive working days.

The individual does not need to be working full-time to be eligible for Parental Leave pay; they may meet the work test even if they:

- are a part-time, casual or seasonal worker
- are a contractor or self-employed
- work in a family business
- have multiple employers, **or**
- have recently changed jobs.

What should an employer do if they have an employee who is eligible for Parental Leave Pay?

If your employee has submitted a claim for Parental Leave Pay, and is eligible, the employer will be asked to provide information such as their bank account and the employee's pay cycle details. This information is needed so Parental Leave funds can be transferred to the employers account for payment to the employee. As indicated this is not compulsory until 1 July 2011 – prior to that date if an employer hasn't registered the Government will make the payment directly to the employee.

Employers can register for the Paid Parental Leave scheme on the centrelink website at www.centrelink.gov.au. Centrelink has advised employers create an account at www.abr.gov.au initially before registering with Centrelink through their business services online section.

Will the Paid Parental Leave scheme affect existing employer-provided parental leave entitlements and other unpaid parental leave entitlements?

Employers that currently provide **paid** parental leave through an industrial agreement or other contractual agreement cannot withdraw those entitlements for the duration of that agreement. The Government paid 18 week scheme will exist in addition to current employer provided schemes.

The Government Paid Parental Leave scheme is designed to complement existing unpaid leave entitlements available under the Fair Work Act 2009 of 12 months **unpaid** parental leave associated with the birth or adoption of a child for eligible employees (with the right to request up to an additional 12 months of unpaid parental leave).

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