

Paid Parental Leave Scheme - Q & A updated

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The Federal Government's Paid Parental Leave (PPL) scheme is a payment scheme (Parental Leave Pay) which applies to births and adoptions that take place on or after 1 January 2011. An eligible working parent will be able to choose to receive either the baby bonus or Parental Leave Pay. The parent cannot receive both. Parents who are not in paid employment may still receive the baby bonus, but are not eligible for Parental Leave Pay.

Parental Leave Pay

The Parental Leave Pay scheme is government funded. It provides payments for up to 18 weeks for eligible working parents of children born or adopted on or after 1 January 2011. It can be transferred to the other parent and can be taken any time within the first year after birth.

Parental Leave Pay is paid at the National Minimum Wage.

From 1 July 2011 this was \$589.30 a week before tax.

The amount paid under the scheme does not depend on what the parent was earning before taking parenting leave; it is the same for all.

What's the difference between the Paid Parental Leave scheme and Parental Leave?

Paid Parental Leave is a *payment* scheme, so that new parents have access to payment while they are on parental leave. It is not a leave entitlement; it is a scheme for receipt of payments. Some, but not all, employers also have a *paid parental leave* policy, which may enable the new parent to continue to receive their usual wage or salary for all or part of their parenting leave.

Paid Parental Leave and Parental Leave are two different things

- Paid Parental Leave is a **payment scheme** funded by the Australian Government. This Resource Sheet is about Paid Parental Leave.
- Unpaid Parental Leave is a **leave entitlement** in the National Employment Standards.

A full time or part time employee who has completed at least 12 months of service with the employer may have an entitlement to *unpaid parental leave*, which is included in the National Employment Standards (NES). So even if the employer does not have a paid parenting leave policy, the employee may be entitled to a period of up to 52 weeks of unpaid leave and the PPL will ensure that the employee also receives some income for up to 18 weeks of that leave.

Who is eligible for PPL?

Working parents of children born or adopted from 1 January 2011 can apply for Parental Leave Pay. In most cases, this will be the birth mother or an adopted child's initial primary carer. Parental Leave Pay may be transferred from the mother to another primary carer, such as the father, who meets the eligibility criteria, but both cannot receive Parental Leave Pay at the same time. To be eligible for PPL the employee must have:

- worked for at least 10 out of the 13 months leading up to the birth or adoption or, in

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- some circumstances, the expected date of birth;
- worked at least 330 hours in the previous 13 months (this is approximately 1 day a week);
- earned less than \$150,000 in the year preceding the earlier time of the birth or adoption or when the claim is made. Where another parent takes over the primary carer role and claims PPL, they must also have earned less than \$150,000 in the year preceding the earlier time of when they become the primary carer or make a claim. The \$150,000 figure will be indexed from mid-2012.

An eligible working parent can be full-time, part-time or work on a systematic casual basis, and may work for more than one employer.

When can PPL be taken?

As a general rule, all 18 weeks of the paid leave must be taken in a single period within the first 12 months after the birth or adoption the most cases PPL cannot start before the birth or adoption. (There are special provisions in the event of a miscarriage.)

The employee can choose when their Parental Leave Pay starts. It can start at any time from the birth or adoption of their child, and they must receive all of their Parental Leave Pay within 12 months of their child's date of birth or adoption. To be eligible for the full 18 weeks of Parental Leave Pay, the employee must choose a start date that is within 34 weeks of the birth or adoption of their child

Who pays for PPL?

The Paid Parental Leave Scheme is funded by the Australian Government and distributed through the Family Assistance Office (FAO). Depending on the circumstances, the FAO may pay the employee directly or indirectly through the employer.

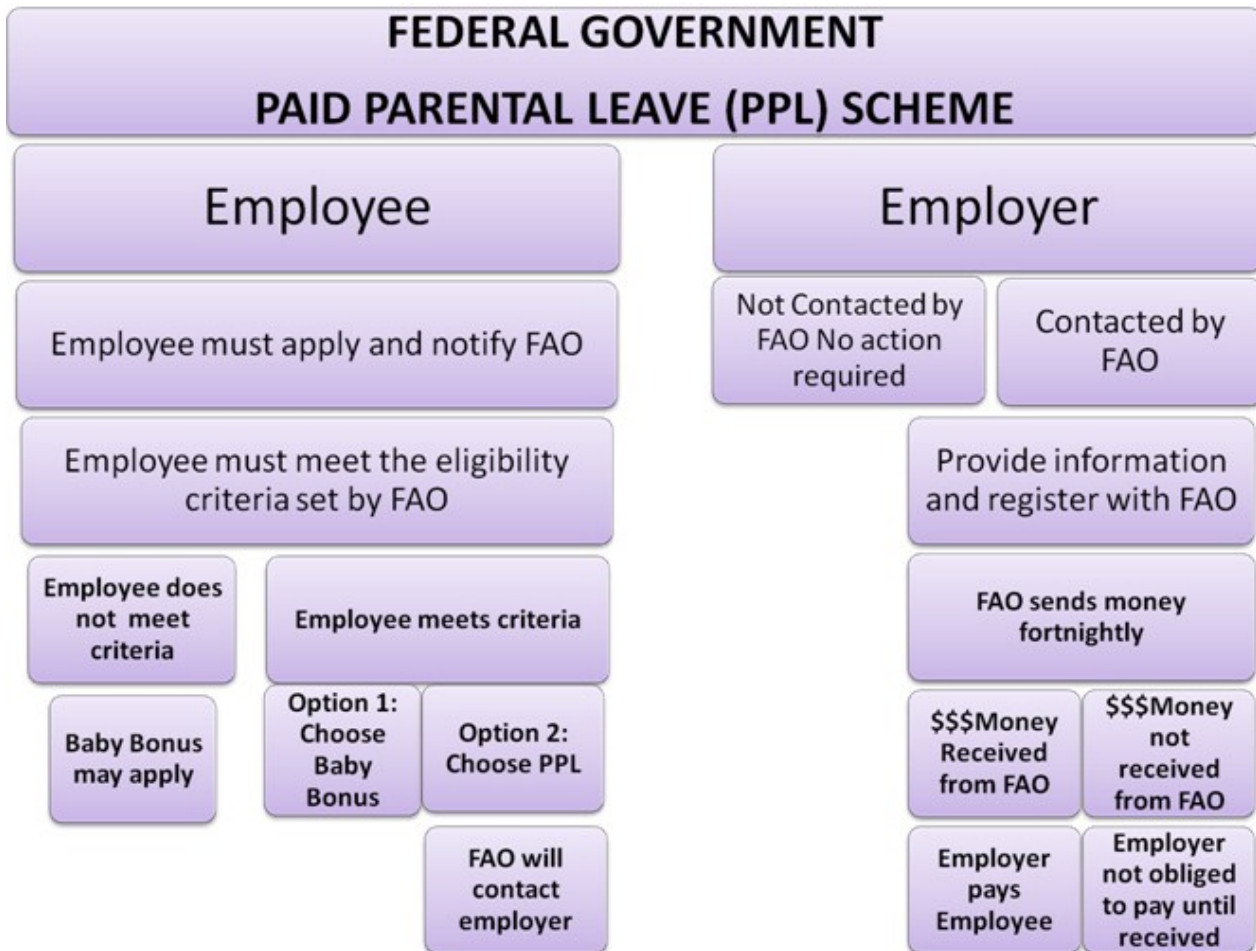
What does the employer have to do if an employee becomes eligible for PPL?

Arranging for PPL is the employee's responsibility. **The employer does not have to take any action until contacted by the Family Assistance Office (FAO).** The employer should be informed that the employee wants to take parental leave some weeks or months before the event. It is likely that the employee will want to take unpaid parental leave under the National Employment Standards as well as PPL.

The employee must apply to the FAO some time in the period starting 97 days (approx. 3 months) before the expected date of birth or adoption and ending 12 months after that date (i.e. in the period from 3 months before the birth and 9 months after).

On receipt of the application, the FAO will usually contact the employer or employers to confirm eligibility. The employer will be asked to provide the FAO with the business name, ABN and preferred contact details, the employee's pay cycle and cut off details and bank details for receiving the PPL money from the FAO. The FAO may also seek to confirm the details that the employee has provided to the FAO regarding their employment and eligibility for PPL.

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Employers can choose to register in advance for the Paid Parental Leave scheme through [Centrelink Business Online Services](#).

What are the employer’s responsibilities in relation to PPL?

From 1 July 2011 employers are responsible for administering PPL payments for eligible employees

If the employee has worked for the employer for at least 12 months prior to the birth of the child, or the expected birth of the child if an application is made prior to the birth or the birth occurs before the expected date,

the employer will receive the PPL payments from the FAO and pay the employee’s Parental Leave Pay during the normal pay cycle for that workplace. If the employee does *not* have 12 months of service, the employer may choose not to process the PPL as ‘paymaster’. In that circumstance, the FAO will pay the employee directly.

The PPL can be paid in addition to any other payments the employer is making, such as long service leave or annual leave, in the normal pay cycle (they can be included in the same pay cheque). Written financial records of incoming PPL money from the FAO and of the money paid to an employee must be kept in the same way as other payroll details.

The employer must provide a payslip for the PPL and any other payments and withhold PAYG tax.

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The payslip should include the same information as required for wages:

- the employer's name and ABN
- the employee's name
- the period to which the payment of NPPL relates
- the date the payment (to which the notice relates) was paid
- the gross amount of the payment
- any amount deducted from the gross amount of the payment (eg PAYG tax) and the name of the account or fund the deduction was paid into.

An employee on PPL does not accrue annual or personal/carer's leave, and cannot access personal/carer's leave. The time spent on PPL does not count as service. PPL is not counted as wages and the employer is not required to pay superannuation or WorkCover levy on PPL.

The employer is not obliged to pay the PPL out of their own funds if FAO has not transferred the money in time. Transfers will usually be fortnightly, although other arrangements are possible. Where FAO's transfer is late, the employer can pay the employee in arrears on the employee's next pay day.

In some cases, an employee may have more than one employer. Where this occurs the employee will nominate which one of her employers should be her 'paymaster'.

Can the employee attend work whilst on PPL?

During a period of PPL an employee may attend work on up to 10 days (for meetings, training, etc) so as to 'keep in touch'. This can only be done by mutual agreement and be paid for as normal work at full wage (in addition to the scheme), and counts as service. Time spent 'keeping in touch' is concurrent with PPL, it does not extend the period of PPL and the employee should also be paid under PPL. Wages paid for 'keeping in touch' count as 'ordinary time earnings' and attract superannuation contributions, WorkCover levy and payroll tax.

If the employee has more than 10 'keeping in touch' days, the Parental Leave Pay will stop.

Where do I go for more information?

Go to the Family Assistance Office website. The full address is <http://www.familyassist.gov.au/payments/family-assistance-payments/paid-parental-leave-scheme/> or just key in www.familyassist.gov.au and follow the links. If you do not have internet access you can call the FAO on 13 6150 between 8am and 8pm (local time) Monday to Friday.

Reference: Family Assistance Office website www.familyassist.gov.au accessed 17th December 2010, 11th August 2011.

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