

Paid Parental Leave

are you ready?

The first national Paid Parental Leave Scheme (PPLS) commences on 1 January 2011. PPLS will enable primary carers to receive up to 18 weeks of parental leave pay at the national minimum wage (\$570 a week before tax).

Primary carers who have or adopt a child on or from 1 January 2011 and who meet the work, income and residency tests, may be eligible to receive parental leave pay. Up to 18 weeks of parental leave pay may be taken before the child's first birthday or 12 months from the date of placement in the case of adoption. The paid parental leave period can be taken in one continuous period, although parents are able to nominate the time over which they wish to take it.

From 1 January 2011, employers can choose to manage parental leave payments to eligible employees, however, from 1 July 2011 this will become mandatory. Employers' obligations have been phased in to ensure that new processes do not need to be implemented halfway through the financial year. Whilst the Scheme is fully funded by the government, it will be administered by employers through their own payroll systems.

The Family Assistance Office will receive claims for parental leave pay directly from employees and will assess whether a primary carer is an eligible recipient. If a primary carer is eligible, has completed at least 12 months of continuous service with their employer and is taking at least eight weeks of parental leave, their employer will be required to administer the payments. Other primary carers who are eligible will receive their parental leave pay directly from the Family Assistance Office.

If an employer is required to manage the payments, they will receive the parental leave payment from the Family Assistance Office. Employers can elect to receive payments fortnightly or in three six-weekly instalments. The payment is then made to employees in their usual pay cycle, weekly, fortnightly or monthly, subject to normal PAYG withholding arrangements. Employers must ensure they have correct records for employees to facilitate these payments.

The Scheme is designed to complement parents' entitlement to unpaid leave under the National Employment Standards. The government parental leave payments can be received before, after or at the same time as other paid employer provided leave, such as annual leave or maternity leave.

The Scheme however is not intended to replace existing entitlements and cannot be used to offset existing paid parental leave obligations. For example, entitlements to parental leave available through employer schemes is an industrial instrument and cannot be withdrawn for the life of the agreement.

Implications for employers

Employers will need to decide whether to commence voluntarily administering parental leave payments from 1 January 2011 or wait until this becomes mandatory on 1 July 2011 and ensure they have adequate payroll systems and processes in place to do so.

Employers should also review or prepare their own parental leave policies.

Please contact Kelly Langdon if you have any questions or would like to review your HR systems.

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