



Paid Parental Leave

The Commonwealth Government's new Paid Parental Leave Act 2010 allows eligible employees to access Paid Parental Leave ('PPL') if they have a child born or adopted from the 1 January 2011. Although payments are funded by the Commonwealth Government, you will be responsible for passing on the payments to your eligible employees.

Eligibility

Employees must meet certain eligibility criteria in order to access PPL. An employee will only be eligible for PPL if he or she meets all of the following five criteria :

1. is the primary carer of a newborn child or the initial primary carer of a recently adopted child
2. is an Australian Resident
3. has fulfilled the PPL scheme 'work test' before the birth or adoption occurs
4. received an individual adjusted taxable income of \$150,000 or less in the last financial year
5. Will be on leave or otherwise not working from the time they become the child's primary carer

The Work Test

In order to fulfil the 'work test' mentioned above, the employee must have:

- worked for at least 10 of the 13 months prior to the both or adoption; and
- worked for at least 330 hours within that 10 month period and have had no more than an 8 week gap between two consecutive working days. Any day where the employee has worked for at least 1 hour will count as a working day. Any work the employee has done for other employers will also count

That means that PPL applies to all 'working parents' who meet the eligibility criteria. Your employee does not have to be working full time to satisfy the work test and they could qualify as a part-time, fixed, casual or seasonal worker with your organisation. Remember that they could also have been a contractor or have worked with multiple employers or have recently changed jobs so they don't have to have worked only with your organisation to pass the work test.

What is the entitlement? Eligible employees receive up to 18 weeks of pay at the National Minimum Wage. All parental leave payments are subject to taxation.

The following points highlight the key information you need to know:

- The PPL scheme runs from on 1 January 2011 onwards and is managed by the Commonwealth Government's Family Assistance Office
- Eligible employees will receive up to 18 weeks of PPL in respect of a birth or adoption that occurs after 1 January 2011
- Eligible employees receive up to 18 weeks of pay at the National Minimum Wage and parental leave payments are subject to taxation
- The employee's period of continuous service with your business is not relevant
- The employee cannot work while receiving PPL
- The unpaid parental leave entitlements set out in the National Employment Standards (NES) will continue to apply. The new PPL scheme provides an entitlement to pay only – it does not provide any entitlements to 'leave'. This means a PPL-eligible employee who is also entitled to unpaid parental leave under the NES will now receive payment for the first 18 weeks of that period of leave. They do not receive 18 'extra' weeks of leave.
- If you already provide paid parental leave to employees this should continue to be offered and it will be in addition to the new PPL scheme
- An eligible employee may transfer any unused balance of their PPL to their partner if that partner also meets the eligibility criteria detailed above
- Until 1 July 2011, PPL payments can be made directly by the Family Assistance Office to the employee. After that date, it will be your job to administer these payments to eligible employees and you need to register for the scheme with [Centrelink](#)
- Your employee can choose when they begin receiving their PPL entitlements. However, in order to access their full 18 weeks' of PPL, the employee will need to commence receiving PPL within 34 weeks of the child's birth or adoption.
- The Parental Leave Payment is being administered as a welfare benefit so the payment does not attract liabilities for :
 - Superannuation guarantee contributions
 - Payroll tax
 - Workcover premium
 - Leave accruals

Practical details

1. You will need to provide your bank account details to the FAO to ensure you receive the funds to pay Employees their PPL payment
2. Pay your employee in the usual cycle making sure to deduct appropriate tax and record the PPL payments on the Employees payslip
3. Ensure your finance team can reconcile funds received from FAO and paid to employees
4. Make sure you have a process for communicating and recording any change notifications to the FAO such as the employee resigning and business changes.