

## PAID PARENTAL LEAVE ARRIVES IN AUSTRALIA

Commencing 1 January 2011, the Federal Government's Paid Parental Leave (PPL) scheme becomes effective.

Eligible parents will be entitled to receive 18 weeks of Government funded PPL at the current national minimum wage of \$570 per week.

Eligible parents are those who have a child born or adopted on or after 1 January 2011 and have worked continuously for their employer for at least 12 months as at the expected date of birth or adoption.

### Scheme Outline and the Primary Carer

The 18 week period of PPL must be taken as a continuous period with no breaks. The scheme also applies to part time and casual employees.

Employees will not be able to work whilst receiving PPL. If an employee is seeking to return to work before they receive their full entitlement of 18 weeks of PPL, the unused portion can be transferred to another primary carer.

Any primary carers must meet certain criteria. The PPL scheme has an income test. Working mothers or primary carers must have an income of \$150,000 or less in the prior financial year to be eligible.

PPL is not payable after the child's first birthday or from the first anniversary after the adoption of a child.

### Compliance with the Scheme

The recently introduced *Parental Leave (Reduction of Compliance Burden for Employers) Amendment Bill 2010 (Cth) (Bill)* seeks to remove administrative procedures for employers in managing their obligations under the scheme.

Many industry bodies have welcomed this approach as the current proposal has been considered by some, to place a heavy procedural burden on employers, particularly small businesses.

The Coalition's Private Member's Bill seeks to change the operational aspects of the PPL scheme which will require an employer to collect PPL monies from Centrelink and pay those monies to the employee. The Bill proposes that Centrelink pay the PPL monies direct to the employee.

The Bill will be voted on when the House of Representatives next sits on 4 February 2011.

### Next Steps

Employers will need to ensure that any employment contracts, policy manuals and practices are reviewed and revised, where necessary, so as to be brought in line with the provisions of the PPL scheme.

This is particularly relevant for employers who already have a PPL offering in place for employees. Clarity will be required when communicating with employees as to the impact on that offering (if any) as a result of the introduction of the PPL scheme. The Government PPL scheme can be taken together with, or in addition to, an employers already provided PPL offering.

The Government will monitor and evaluate the scheme and its implementation by the end of 2014 and will announce any potential changes to the scheme at that time.

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