

Employer obligations under the paid parental leave scheme

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When the final piece of legislation passed through Federal Parliament last year for a paid parental leave scheme, Australia caught up a little with most other developed nations (and even left the USA behind).

Applying from January 1, 2011, the scheme could already be factored into many of your employees' family planning ruminations.

The paid parental leave scheme provides 18 weeks of government-funded leave to eligible working parents, paid in instalments at the national minimum wage (which is \$589.30 a week from July 1, 2011). *Also, from January 1, 2013, a paid **paternal** leave scheme is planned to come into operation, giving eligible working fathers and partners two weeks leave at the national minimum wage.*

The leave scheme is administered (**and paid for**) by the [Family Assistance Office](#). However employers handle the actual payments to the parent – although you're not expected to make any payment until the Family Assistance Office sends you the money. Also, if you choose, you can make all the necessary payments in as little as three instalments. Payments can be made via your normal pay system, with PAYG withdrawn in the usual way. Parental leave amounts will also need to be shown in payment summaries.

In a nutshell

The main features of the scheme are:

- it is to be provided to 'long-term' employees, which means a person who has been on staff for at least 12 months or more prior to the expected birth date
- funding will be provided by the Family Assistance Office in advance of having to pay the parental leave
- it will be treated as other taxable income, but have no super guarantee portion, no additional workers compensation liabilities, nor payroll tax implications
- it does not count as 'paid leave' and therefore does not count towards an employee's service period
- it can be received concurrently or separately to other employer-provided leave (and is additional to other paid maternity leave offered under employment contracts, although not those contained in 'policy' only ... see last section below).

Be prepared

The paid parental leave scheme should not require an overhaul of your workplace practices, but there are still some issues to consider:

- will your business need to revise payroll processes?
- will usual periodical payments be fine, or would fewer payments be preferable?

are employees likely to want to negotiate changes to existing contracts?

if your business already provides a parental leave, say under a workplace agreement, how will you approach requests to amend this to reflect the new government benefit?

More information

Contact the THA's IR/HR Manager Ben Walker on 6224 7033 or ben@australianhotels.asn.au In addition, the Family Assistance Office has more [information for employers](#). See also Centrelink's 'toolkit' for employers.