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LAWYERS



WORKPLACE RELATIONS & SAFETY INSIGHT

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Paid Parental Leave Bill passed by Parliament

The Paid Parental Leave Bill passed by Federal Parliament yesterday, has established Australia's first national paid parental leave scheme. The scheme will operate from 1 January 2011.

The Bill, as passed, keeps the key features contained in the original Bill introduced into Parliament on 12 May 2010. Importantly, it is now clear that payments made under this scheme are in addition to any paid parental leave entitlement an employee has under a contract of employment, industrial instrument or other law.

Key Features

- The entitlement is paid parental leave up to 18 weeks at the national weekly minimum wage (currently \$569.90) for eligible primary carers.
- Employees must meet certain criteria, including having:
 - worked at least 330 hours over the 13 months before the expected birth or adoption of the child with a break of no greater than eight weeks between two work days (not including periods of paid leave); and
 - earned less than \$150,000 (indexed) in the previous full Financial Year before the claim or birth.
- The payments will be fully funded by the Government but employers will be responsible for administering the payments.

WHO DOES THIS AFFECT?

All Australian employers.

HIGHLIGHTS

Australia's first national paid parental leave scheme will operate from 1 January 2011. The Government will fund 18 weeks of paid parental leave for eligible employees. This payment will be in excess of an employee's current entitlements (if any) to paid parental leave.

- The Family Assistance Office will inform employers if they must provide parental leave pay to an employee.
- Funding will be provided to employers before they are required to pay employees.
- An employer's obligation to provide the payment under the scheme is separate and additional to any other employee entitlement to paid parental leave. For example those existing entitlements to paid leave contained in a contract of employment, industrial instrument or other law.
- There will be phasing-in arrangements. Between 1 January and 1 July 2011, employers can opt to provide eligible employees with parental leave pay, but must do so from 1 July 2011.

Considerations for employers

To prepare for the new scheme, employers should consider:

- their readiness to administer the scheme from 1 January 2011. Employers may need to update existing accounting and payroll software and train relevant staff; and
- reviewing existing paid parental leave schemes contained in any policies, contracts of employments or industrial instruments to determine if there is a need to alter existing arrangements.

This newsletter is general in nature and its brevity could lead to misinterpretation. No responsibility can be accepted for those who act on its contents without first consulting us and obtaining specific advice.

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