

## PAID PARENTAL LEAVE SCHEME January 2011

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The much publicised Federal Paid Parental Leave Scheme commenced 1 January 2011. The scheme provides eligible working parents of children born or adopted on or after 1 January 2011 with a maximum of 18 weeks government funded paid parental leave at the National minimum wage. The current minimum wage is \$570.00 per week, (\$15.00 per hour).

### **Who Is Entitled to Paid Parental Leave:**

Most working parents, including Self Employed people and Employees may be eligible for Paid Parental Leave. Part-time, casual, contract and seasonal employees may also access the scheme though their entitlements will be reduced on a pro-rata basis.

All working parents must pass the following eligibility criteria. They must:

- a. Be an Australian resident,
- b. Have become the primary carer of a newborn or adopted child on or after 1 January 2011,
- c. Have a personal adjusted taxable income in the previous financial year of \$150,000 or less,
- d. Either be on leave, or, have not been working from the time of becoming the child's primary carer,  
AND
- e. Pass the Paid Parental Leave Work Test.

### **Paid Parental Leave Work Test:**

To pass this test a person must have worked for at least 10 of the 13 months prior to becoming the primary carer, and, worked for at least 330 hours in that 10 month period with no more than an 8 week gap between any 2 consecutive working days.

### **Employer Responsibilities:**

The scheme is funded by the Federal Government and is currently being administered by the Family Assistance Office until 1 July 2011. After this date Employers will be required to administer the payments, paying the employee after receiving the funds from the Government in advance.

Paid Parental Leave payments are NOT subject to payroll tax, workcover, nor compulsory superannuation contributions.

### **Working Parent Responsibilities:**

In order to receive payments under the scheme working parents will be required to lodge an application with the Family Assistance Office. In the case of employees, as in the past, they will still be required to organise the period of time of parental leave taken with their respective employer.

Parents cannot receive both Paid Parental Leave and the Baby Bonus. Those eligible for both must decide which benefit they wish to receive. A calculator evaluating these 2 options is available on the Centrelink website.

### **Further Information:**

Please contact us if you have any queries in respect to the scheme. Or as noted above, further information can also be found on the Centrelink website at [www.centrelink.gov.au](http://www.centrelink.gov.au).