



Australian Government

## Paid Parental Leave

### Information for Parents



May 2010

ISBN: 978-1-921647-28-4

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## Foreword

On 1 January 2011, the Australian Government will deliver Australia's first national Paid Parental Leave scheme.

This is a major win for working families who have been waiting decades for a national Paid Parental Leave scheme.

The Australian Government's Paid Parental Leave scheme is fair to families and fair to business. Paid Parental Leave will give babies the best start in life. It means one parent has financial security to take time off work to care for their baby full-time at home during the vital early months of social, cognitive and physical development.

The Government's scheme meets the challenges and realities of modern family life – giving parents more time at home with their new baby and helping them balance their work and family responsibilities. It supports women to maintain their connection with the workforce and boosts workforce participation.

Our scheme lets families make their own work and family choices. Parents can transfer the leave so mums and dads have more options for balancing work and family.

And now, under our scheme, women in seasonal, casual and contract work, and the self-employed, will have access to Paid Parental Leave – most of them for the first time.

This booklet and its companion – *Paid Parental Leave: Information for employers and consultation outcomes*, outlines the final details of the Government's proposed scheme. The scheme, funded by the Government, is the culmination of over two years of policy development and public consultation to develop a scheme to respond to Australia's social and economic circumstances.

The scheme will prepare Australia for the challenges of the future. Business will benefit from the retention of skilled and experienced female staff but won't have to fund the scheme.

And because the Government respects the work and family choices that each family makes, we will continue to support mothers whether they are in a paid job or at home. Families not eligible for Paid Parental Leave, or who choose not to participate in the scheme, will be able to continue to access the Baby Bonus and Family Tax Benefit if they are eligible.

Our Paid Parental Leave scheme is fair, balanced and affordable. It is in the best interests of Australian families, it is fair to business and it encourages workforce participation and productivity now and into the future.

Australia is currently one of only two OECD countries without a national paid parental leave scheme.

On 1 January 2011, Australia will finally catch up with the rest of the world when the Government delivers Australia's first national Paid Parental Leave scheme.

*Julia Gillard*

Deputy Prime Minister  
Minister for Education  
Minister for Employment and Workplace Relations  
Minister for Social Inclusion

*Jenny Macklin*

Minister for Families, Housing  
Community Services and  
Indigenous Affairs

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## Why Australia needs a Paid Parental Leave scheme

Women's workforce participation has increased dramatically over the past 30 years. Women now make up 45 per cent of the workforce. However, during the peak child bearing years, Australian women's workforce participation reduces by a greater amount than for women in other leading industrialised countries.

Research indicates there are significant benefits to be gained from women having time away from work following the birth of a baby. Many employers already recognise this and offer schemes to help their employees at this important time.

However, access to employer-funded paid parental leave is highly uneven. In 2007 around 54 per cent of female employees and 50 per cent of male employees had access to some form of paid parental leave, but only one third of employed women who actually had children received paid parental leave from their employer.

While employers are increasing the availability of paid parental leave to some employees, it is generally not available to part-time, casual and seasonal employees, contractors or the self employed.

Supporting women to have time away from work when they have a baby or adopt a child helps women to stay connected with the workforce. It assists families to balance their work and family life. It helps to improve child development outcomes, and it helps to support breastfeeding with its health benefits for infants and mothers. It also provides a reasonable period of time for mothers to recover from childbirth.

The scheme will provide long-term benefits for business as women of child bearing age stay connected with the workforce and their careers. It will help employers retain their skilled staff. Employers will obtain these benefits without having to fund the scheme.

## A. Paid Parental Leave at a glance

- The Paid Parental Leave scheme will be funded by the Australian Government.
- The scheme will provide Parental Leave pay to mothers and adoptive parents who have been working and who have a baby or adopt a child on or after 1 January 2011.
- To be eligible for the scheme, claimants will need to meet the Paid Parental Leave work test, the income test and the residency requirements. These are explained in this booklet.
- Parental Leave pay is not a leave entitlement, but it will complement parents' entitlements to leave such as unpaid parental leave under the National Employment Standards.
- Paid Parental Leave is for a maximum of 18 weeks.
- Parental Leave pay will be at the rate of the National Minimum Wage (currently \$543.78 per week before tax). Parental Leave pay will be treated in the same way as other taxable income.
- Parents can nominate when they wish to receive their pay. The Parental Leave pay must be taken in one continuous 18 week period. The start date can be on or after the child's date of birth,\* (but not before) and all the pay must be received within the first 12 months after the date of birth.\*
- Parental Leave pay can be received before, after, or at the same time as employer-provided paid leave such as recreation or annual leave and employer-provided paternity leave.
- Parents will lodge their claim with the Family Assistance Office and it will assess the parent's eligibility. Claims can be lodged up to three months prior to the expected date of the birth.\*
- Once the scheme is fully implemented, Parental Leave pay will be provided by employers to their long-term employees. A long-term employee is a person who has been an employee of the employer for 12 months or more prior to the expected date of birth\* of the child.
- The employer role is being phased in over the first six months to help employers transition to the new arrangements. However, employers can choose to provide Parental Leave pay to their employees from the beginning of the scheme. Otherwise, the Family Assistance Office will provide Parental Leave pay.
- Employers will generally be required to provide Parental Leave pay to their long-term employees who have a child born or adopted on or after 1 July 2011.
- The Family Assistance Office will send a notice to an employer if they are required to pay an employee Parental Leave pay. It will also advise the parent of this. In other cases, the Family Assistance Office will make the payment direct to the parent.

\* or date of placement for adoption

- A parent will not be able to work while receiving Paid Parental Leave but may “keep in touch” with the workplace.
- If a person returns to work before they have received all of their 18 weeks of Paid Parental Leave, the person’s partner may be able to receive the unused amount of Paid Parental Leave. Otherwise, Paid Parental Leave will stop when the person returns to work.
- If parents are not eligible to or do not choose to receive Paid Parental Leave, they may be able to receive the Baby Bonus and Family Tax Benefit under the usual rules. An online Paid Parental Leave estimator will be available from September 2010 to help parents choose the option that is best for them.

This policy statement describes the Paid Parental Leave scheme proposed by the Australian Government. For the scheme to come into force, Parliament must first pass legislation making it part of the law. Until the scheme becomes law, it is possible that some details of the scheme that are outlined in this booklet may change.





## B. Who is eligible?

### 1. The basic eligibility requirements

Mothers of babies born on or after 1 January 2011 may be eligible for Paid Parental Leave. The initial primary carer of a child who is adopted on or after this date may also be eligible.

You may be eligible for Paid Parental Leave if you:

- are the mother of a newborn child or the initial primary carer of a recently adopted child under 16 years of age
- have met the Paid Parental Leave work test before the birth or adoption occurs
- have an individual income of \$150,000 a year or less, and
- are living in Australia and meet the residence requirements.

You may be eligible even if you are no longer employed. Women in seasonal, casual, contract and self-employed work may be eligible.

A family can only receive one 18 week period of Paid Parental Leave per birth or adoption\*. Paid Parental Leave must be taken in one continuous 18 week period without any break, even if it is transferred, for example from the mother to her partner.

Once you have returned to work you will be ineligible for Paid Parental Leave, however you can *Keep in Touch* (see Section 6). You may be able to transfer all or part of the payment to your partner if you cannot receive all of your payment (see Section 14). In the tragic event of a stillbirth or infant death, a person may return to work and receive their Parental Leave pay.

Paid Parental Leave is for the primary carer of a baby during the baby's first year or the primary carer of an adopted child in the first year after the adoption. Only one person will be regarded as the primary carer at a point in time, even if care of the child is being shared at that time.

A father or partner of a birth mother is generally not eligible for Paid Parental Leave unless the mother is eligible. Information on how Parental Leave pay may be transferred to a partner is in Section 14 of this booklet.

People (including fathers) who become the primary carer of a child aged under one year or the primary carer of a child adopted less than one year ago may be eligible for Paid Parental Leave but special conditions must be met. These conditions can be met even if the mother of the child is not eligible for Paid Parental Leave. The Family Assistance Office can tell you about this.

If you are not eligible for Parental Leave pay or choose not to receive it, you may be eligible for the Baby Bonus and Family Tax Benefit (Part A and B) under the usual rules. Information about the Paid Parental Leave estimator is in Section 5 of this booklet.

\* for multiple birth, see Section 13 of this booklet

## **2. The Paid Parental Leave work test**

You meet the Paid Parental Leave work test if you:

- worked continuously for at least 10 of the 13 months prior to the birth or adoption of your child, and
- worked for at least 330 hours in that 10 month period (around one day a week).

You may be regarded as working continuously even if you:

- work part-time or casually
- have multiple employers, or
- have recently changed jobs.

As long as you did not have more than an eight week break between working days, you will be regarded as having worked continuously. A working day is a day on which you worked for at least one hour.

If you work for a family business (including a farm) you can include your hours of work, even if the business is not generating any income.

This work test means that for the first time many women in seasonal, casual, contract and self-employed work have access to Paid Parental Leave.

Only work undertaken prior to the birth or adoption can be counted. The work test will be assessed over the 13 month period ending on the actual date of birth. If the actual date of birth occurs after the expected date of birth, the work test can also be assessed over the 13 month period ending on the expected date of birth.

You can include periods of work if it is done for financial reward or gain, whether in Australia or overseas. Periods of paid leave taken before the birth or adoption can be included as work. Periods of unpaid leave or voluntary work cannot be included as work.

The following activities will count as work:

- employment at an Australian Disability Enterprise
- operating a business while receiving assistance under the New Enterprise Incentive Scheme
- work undertaken for Community Development Employment Projects (CDEP) for continuing participants only
- farm labour or operating a business while receiving an Exceptional Circumstances Relief Payment
- jury service, and
- defence reservist work.

Activities undertaken for Work for the Dole (including Community Development Employment Projects for new participants); Green Corps; Drought Force; the National Green Jobs Corps and other income support programs which include a work component will not count as work.

### **3. The income test and residency requirements**

#### *Income test*

You will be eligible for Paid Parental Leave if your income does not exceed the income limit. You are eligible if your adjusted taxable income (ATI) is \$150,000 or less in the financial year prior to the date of birth or adoption, or the date of claim, whichever is the earlier.

Your adjusted taxable income includes:

- the sum of your:
  - o taxable income
  - o adjusted fringe benefits
  - o tax-free pensions or benefits
  - o target foreign income
  - o reportable superannuation contributions
  - o total net investment losses
- minus your
  - o deductible child maintenance expenditure.

#### *Residency requirements*

The residency requirements for Paid Parental Leave are aligned with other family assistance. You must be living in Australia and be:

- an Australian citizen, or
- the holder of a permanent visa, or
- a New Zealand citizen who arrived in Australia on a New Zealand passport, or
- the holder of a specified temporary visa.

Paid Parental Leave can be claimed during a temporary absence from Australia. However, if you have been temporarily absent from Australia for more than three years, or you cease to be a resident, you will be ineligible for Paid Parental Leave.

## Facts you need to know about how Paid Parental Leave affects other family assistance

Paid Parental Leave will provide the equivalent of the National Minimum Wage, \$543.78 a week, for 18 weeks while Baby Bonus is \$5,185 paid over 26 weeks.\*

Families receiving Parental Leave pay will not receive the Baby Bonus. For multiple births, the Baby Bonus may be paid for a second child or for additional children.

Parental Leave pay will be taxable income and will affect entitlement to Family Tax Benefit.

You will be able to get Family Tax Benefit Part A at the same time as you get Parental Leave pay. The amount you will be paid will depend on the income of both you and your partner. Your Parental Leave pay will count as income you have received.

You will not be able to get Family Tax Benefit Part B at the same time as you get Parental Leave pay. You may get Family Tax Benefit Part B at other times of the year when you are not getting Parental Leave pay. The amount you will be paid will depend on your income and your Parental Leave pay will count as income you have received.

Parental Leave pay will not be treated as income for Parenting Payments (partnered or single), or other income support payments, such as the Disability Support Pension and Newstart Allowance.

\* These rates may change in July 2010

## C. What do I do if I am eligible?

### 4. Plan your caring role

Before you claim Paid Parental Leave, you should plan your caring and work arrangements for the 12 months following the birth or adoption. Things to think about include:

- when you are planning to leave work before the birth or adoption
- when you are planning to take any employer-provided paid leave
- when you would like to start your Paid Parental Leave period
- when you are planning to return to work, and
- whether your partner will be taking some time away from work to care for your child.

You can decide when to start your Paid Parental Leave period. The mother of a newborn child or the initial primary carer of a recently adopted child cannot work between the birth or adoption and the start of their Paid Parental Leave period. You can take other paid or unpaid leave after the birth and before your Paid Parental Leave if you wish.

You should ensure your start date allows for the full 18 weeks to be paid within the first year. You cannot get any Paid Parental Leave after your child's first birthday or from the first anniversary after you started caring for an adopted child.

The 18 week period of your Paid Parental Leave must be a continuous period with no breaks. You cannot work while receiving Paid Parental Leave.

If you are planning to return to work before you receive the full 18 weeks of Paid Parental Leave, you should think about transferring your unused Paid Parental Leave to your partner. To do this, your partner must meet certain eligibility conditions (see Section 14 for more information).

The payment may be transferred to your child's other parent, even if you are separated from this person. The child's other parent must become the primary carer of your child to receive the unused Paid Parental Leave.

## Some options for how you take your leave

### Option 1



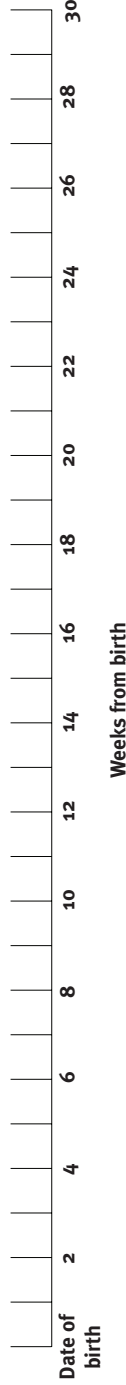
### Option 2



### Option 3



### Option 4



## 5. Use the Paid Parental Leave estimator

Once you have decided on your caring and work arrangements you should check that you will be financially better off taking Paid Parental Leave rather than the Baby Bonus.

You can only receive one of Paid Parental Leave or the Baby Bonus. You cannot get both, unless you have a multiple birth. In this case you can, if eligible, receive Paid Parental Leave for the first child and Baby Bonus for any subsequent children.

The Government estimates that more than 85 per cent of families will be better off receiving Paid Parental Leave. These families will, on average, receive around \$2,000 more than if they chose the Baby Bonus. This is after tax has been paid and all interactions with other family assistance have been taken into account.

The total amount of assistance that a family may obtain from the Government depends on many factors, such as when the baby is born, the number of other children in the family, when a mother returns to work and the income of each of the parents. To help you be satisfied that you have made the best choice for you, an online estimator will be available at [www.familyassist.gov.au](http://www.familyassist.gov.au) in September 2010.

You have plenty of time to think about what you would like to do. You can change your choice of payment after you have submitted your claim for Paid Parental Leave.

You will have at least until the day prior to the start date that you nominate for your Paid Parental Leave period to make a claim for the Baby Bonus instead of Paid Parental Leave (see Section 10 for more details).

So if your plans change, you can still make sure Paid Parental Leave is the best option for you.

An online estimator will be available at [www.familyassist.gov.au](http://www.familyassist.gov.au) from September 2010.

## Rights of parents under the Fair Work System

The *Fair Work Act 2009* provides a range of measures to help employees balance work and family responsibilities.

### Unpaid parental leave

The National Employment Standards (NES) in the Fair Work Act guarantee employees the right to separate periods of up to 12 months of unpaid parental leave associated with the birth or adoption of a child. Where families prefer one parent to take a longer period of leave, that employee has the right to request up to an additional 12 months of unpaid parental leave.

Permanent full-time, part-time and eligible long-term casual employees who have completed 12 months continuous service with their employer immediately before the expected date of the birth or adoption of a child are able to access the unpaid parental leave provisions under the NES.

The request to extend unpaid parental leave can only be refused by an employer on reasonable business grounds.

### Right to request flexible working arrangements

The NES also give eligible parents the legal right to ask their employer for flexible working arrangements to help them balance their work and family responsibilities.

Employees are eligible to make a request if they are a parent of, or have responsibility for, a child under school age or a child under 18 with disability. Employees, including casuals, are entitled to make a request if they have worked continuously for their employer for at least 12 months.

As with requests to extend unpaid parental leave, employers can only refuse requests on reasonable business grounds.

### Protections against discrimination

The general protections under the Fair Work system protect employees from discrimination on a number of grounds, including pregnancy, race, sex, sexual preference, age, family responsibilities and disability. Caring responsibilities has also been included as a new ground for discrimination under the Fair Work Act.



## **6. Organise your leave from work**

Once you have decided your work and care arrangements and have confirmed that you will be better off with Paid Parental Leave, you should discuss your leave intentions with your employer. You should do this at least 10 weeks before you intend to take leave from work.

The Paid Parental Leave scheme does not give you an entitlement to leave. It does not change any of your existing leave entitlements. It provides you with Parental Leave pay which, if you are still employed, you can decide how to combine with leave provided by your employer.

If you will have had at least 12 months service with your employer at the expected date of birth or adoption, you are legally entitled to 12 months unpaid parental leave under the National Employment Standards. You can also request an additional 12 months unpaid leave.

Your employer may provide more generous arrangements than those required under the National Employment Standards. For example, your employer may provide you with unpaid leave, even if it is not required under the National Employment Standards.

You can choose to receive Parental Leave pay before, after or at the same time as your employer-provided paid and unpaid leave, such as maternity leave, recreation or annual leave and long service leave.

You may get more benefit from Paid Parental Leave by taking it before or after any other paid leave. Taking Paid Parental Leave and employer-provided paid leave at the same time may increase the amount of Pay As You Go (PAYG) withheld by your employer.

You will not accrue leave entitlements in respect of Paid Parental Leave. However, if you take employer-provided paid leave which does result in the accrual of leave entitlements at the same time as your Parental Leave pay, the accrual of leave entitlements with your employer-provided leave will not be affected.

Remember to make your leave arrangements with your employer before you claim Paid Parental Leave. This will help ensure your pay can start on time.

You should also tell your employer if you intend to apply for Paid Parental Leave and the start date for your Paid Parental Leave period.



## **7. Lodge your claim early**

You can lodge a Paid Parental Leave claim either online or in a paper form with the Family Assistance Office up to three months before the expected date of birth or adoption of your child.

You should claim before the birth or adoption as this allows the Family Assistance Office time to establish your initial eligibility, contact your employer and set up the funding arrangements so that you can be paid on time.

You will be able to claim after the birth or adoption of your child but this may delay the start of your Parental Leave pay. The Family Assistance Office requires time to assess your eligibility and may require time to make arrangements with your employer.

You will be able to claim Family Tax Benefit and Maternity Immunisation Allowance at the same time as claiming Paid Parental Leave. If you are already receiving Family Tax Benefit for other children, you will be able to add your new child at the same time as claiming Paid Parental Leave.

The Family Assistance Office will be responsible for assessing your eligibility based on the information you provide. The first claims can be lodged from 1 October 2010 for children due to be born or adopted from 1 January 2011.

## *'Keeping in Touch' with your workplace*

You can *Keep in Touch* with your workplace. This means you can participate in activities at the workplace for up to 10 days from the birth or adoption of your child until the end of your Paid Parental Leave period without losing your entitlement.

Both you and your employer have to agree for you to participate in these activities. Your employer cannot require you to work. Your employer must also agree that the activity is *Keeping in Touch*.

For example, your employer may like to you attend a training day or a planning day before you return to work. You can agree to do this and it will not count as returning to work for Paid Parental Leave. This applies even if your employer is required to pay you for attending.

You can also *Keep in Touch* without it affecting your unpaid parental leave under the National Employment Standards in the Fair Work Act 2009.

Self-employed people will also be able to maintain some oversight of their business without being regarded as having returned to work and no longer being able to receive their Parental Leave pay.

## **D. What happens after I have lodged my claim?**

### **8. The assessment of your claim**

Using the information you provide in your claim, the Family Assistance Office will work out if you meet the scheme's work test, income test and residency requirements.

The Family Assistance Office will also work out how your Parental Leave pay will be provided to you. It may be paid by your employer if you have been employed with them for 12 months or more. In other cases, it will be paid by the Family Assistance Office.

The Family Assistance Office will let you know if you are eligible to receive Paid Parental Leave. If you are eligible, the Family Assistance Office will also tell you how it will be paid to you.

The notice you receive from the Family Assistance Office will also tell you:

- what you have to do after the birth or adoption to make sure you receive your Parental Leave pay and other family assistance payments
- what changes you have to tell the Family Assistance Office about.

If you are to be paid by your employer, the Family Assistance Office will write to your employer and tell them that you are eligible. It will also confirm with your employer the start date for your Paid Parental Leave period.

You do not need to advise your employer that you are eligible for Paid Parental Leave. The Family Assistance Office will look after this for you.

If you are not eligible for Paid Parental Leave or other family assistance for which you have applied, the Family Assistance Office will advise you of this. It will also advise you what you can do if you disagree with its decision.

If you are affected by a decision under the Paid Parental Leave scheme you will be able to seek a review of that decision under the same arrangements that apply for family assistance.

## **9. Deciding who will provide your Parental Leave pay**

The Paid Parental Leave scheme acknowledges that having a child and taking leave from work around the time of a birth is a normal part of work and family life. Paid Parental Leave should be provided to mothers by their employer, just like any other paid leave entitlement – recreation or annual leave, sick leave or carers leave.

Women will more readily maintain their attachment to the workforce if their relationship to their employer is strengthened. Receiving Parental Leave pay from their employer will help to do this.

Employers will benefit through the retention of skilled staff and the increased workforce participation of parents.

The role of employers is being phased in to help employers transition to the new arrangements.

Employers can choose to provide Parental Leave pay to their employees from the beginning of the scheme (1 January 2011). You have to agree to this occurring.

Employers will generally only be required to provide Parental Leave pay to an eligible long-term employee after 1 July 2011.

The Family Assistance Office will pay other eligible parents including those who are to receive less than eight weeks Parental Leave pay, for example a father who receives four weeks Parental Leave pay after a transfer of Paid Parental Leave.

### *Having a baby or adopting a child before 1 July 2011*

You and your employer can agree that your employer will provide you with Parental Leave pay if you are eligible.

Otherwise, you will receive your Parental Leave pay from the Family Assistance Office.

The phased approach to the introduction of employer's role will avoid introducing the change over a holiday period and means employers do not have to obtain a payroll software upgrade mid-way through a financial year. It will provide additional time for employers to prepare for the change following the passage of Paid Parental Leave legislation.

## *Having a baby or adopting a child on or after 1 July 2011*

You will receive your Parental Leave pay from your employer if:

- you have been employed by the same employer for 12 months or more prior to the expected date of birth or adoption
- you will still be employed by your employer for the Paid Parental Leave period
- you are an Australian-based employee, and
- you will be receiving eight weeks or more of Parental Leave pay.

If you have more than one employer that meets these conditions, you can choose which employer you want to receive your Parental Leave pay from.

You and your employer can also agree that your employer will provide you with Parental Leave pay if you are eligible and you do not meet these conditions. This will work in the same way as for people having a baby or adopting a child before 1 July 2011.





## **E. What happens after the birth or adoption?**

### **10. The things you must do after the birth or adoption**

There are two important things for you to do as soon as possible after the birth of your child. You cannot receive Parental Leave pay until you have:

- applied to register your child's birth with the Registrar of Births, Deaths and Marriages in your State or Territory. You must advise the Family Assistance Office that you have done this. This requirement does not apply in cases of stillbirth or a birth that occurs overseas
- given the Family Assistance Office evidence of the child's birth from the hospital or midwife. This evidence is usually a completed form given to you at the hospital.

You can use the same form to provide both pieces of information to the Family Assistance Office.

If you have adopted a child, you must show the Family Assistance Office your adoption papers showing when your child came into your care.

In both instances your Paid Parental Leave period will not start until you have provided the information to the Family Assistance Office.

If you provide the information within 28 days of the birth or adoption, your Paid Parental Leave period will start on the date you nominated. This can be from the date of birth or the day of the adoption.

If you have not provided the information within 28 days of the birth or adoption, the start date for your Paid Parental Leave period may be delayed. Your Paid Parental Leave period will not start until you have provided the information.

You cannot change to the Baby Bonus once you have provided the information if your Paid Parental Leave period starts before you have provided the information.

You can change to the Baby Bonus until the day before your Paid Parental Leave period commences if the period starts after you have provided the information.

You should tell the Family Assistance Office if you have changed any of your caring plans at this time or if there have been any other changes which the Family Assistance Office has asked you to tell them about.

## **11. How you will be paid**

### *If you will be paid by your employer*

Your employer will provide your Parental Leave pay in the same way they pay your wages or salary and provide you with pay while you are on leave.

It will be paid in your usual pay cycle. If you are normally paid weekly in arrears you will receive your Parental Leave pay weekly in arrears.

Your first Parental Leave pay may include some back pay. The reasons this may happen are:

- the Family Assistance Office will not provide your employer with Paid Parental Leave funding until you give them evidence of the birth or adoption and have taken action to register the child's birth (see Section 10)
- your employer will not be required to pay you if they have not received funding from the Family Assistance Office.

Your first pay may not include back pay if:

- you provide the Family Assistance Office with the verification of the birth or adoption as soon as possible after it has occurred, or
- you have chosen a Paid Parental Leave start date that is some time after the date of birth or adoption, for example because you are using other leave first.

### *If you will be paid by the Family Assistance Office*

The Family Assistance Office will provide your payment fortnightly in arrears.

Your first payment can occur two weeks after the start date of your Paid Parental Leave period provided you have given the Family Assistance Office evidence of the birth or adoption and have taken action to register the child's birth (see Section 10).

## **12. How you know you have been paid the right amount**

### *If you will be paid by your employer*

Your employer must give you access to a record of your Parental Leave pay, either on a payslip or on a separate notice.

Your employer must pay you for each week day in your Paid Parental Leave period (pay is not provided for a Saturday or Sunday). You will receive 7.6 hours of pay at the hourly rate of the National Minimum Wage for each of these days, including public holidays, regardless of your usual working arrangements.

Your employer will deduct income tax under the usual PAYG withholding arrangements. If you receive your Parental Leave pay at the same time as other entitlements such as paid maternity leave or recreation or annual leave, the PAYG withholding rate will apply to the total amount of gross income you receive in that pay period.

This means more PAYG may be withheld if you take your Parental Leave pay at the same time as receiving other paid leave.

The deductions that may be made from your Parental Leave pay are generally the same as for your wages.

You may salary sacrifice some or all of your Parental Leave pay. For example, you may make voluntary contributions to superannuation. You must agree these arrangements with your employer as you do with wages.

Your employer will not be required to make superannuation contributions on your Parental Leave pay.

### *If you will be paid by the Family Assistance Office*

The Family Assistance Office will give you access to a record of your Parental Leave pay. It will pay you for each week day in your Paid Parental Leave period (pay is not provided for a Saturday or Sunday). You will receive 7.6 hours of pay at the hourly rate of the National Minimum Wage for each of these days, including public holidays, regardless of your usual working arrangements.

The Family Assistance Office will withhold PAYG at the rate of 15 per cent unless you request another rate.

You will not be able to salary sacrifice Parental Leave pay that is provided directly by the Family Assistance Office.

## **F. What else do I need to know?**

### **13. How other family assistance is affected**

If you receive Paid Parental Leave, you will not get the Baby Bonus unless you have a multiple birth. You can receive the Baby Bonus if you are eligible, for a second or additional child in a multiple birth if you receive Paid Parental Leave.

Parental Leave pay will count as taxable income for Family Tax Benefit and child support purposes in the financial year in which the Parental Leave pay is received. This may affect your:

- family's rate of Family Tax Benefit Part A if your family income is above \$44 165
- Family Tax Benefit Part B if your individual income is less than \$23 817
- child support assessment.

Family Tax Benefit Part B cannot be paid to you, or your partner if you have one, while you are receiving Parental Leave pay. You or your partner may receive Family Tax Benefit Part B for the rest of the financial year.

Similarly, the dependent spouse, child-housekeeper and housekeeper tax offsets will not be available during the Paid Parental Leave period.

If you are separated from your child's other parent and they are receiving Family Tax Benefit Part B, it will not be affected by you receiving Paid Parental Leave.

Parental Leave pay will not be treated as income for Parenting Payment (partnered and single) and other income support payments, such as the Disability Support Pension, Newstart Allowance and Veterans' Affairs payments.

#### **14. Your partner may be able to get Paid Parental Leave**

It is becoming more common for both parents to share the care of a child during the child's first year of life. In these cases, the mother usually cares for the child in the period immediately after the birth. If the mother returns to work during the first year, the father may take time off work to care for the child full time.

If such a change in care occurs during the Paid Parental Leave period, the scheme allows for your partner to receive your unused Parental Leave pay if your partner is eligible.

The change in primary care can occur before the start date of the Paid Parental Leave period. In this case an eligible partner could receive the full 18 weeks of Parental Leave pay.

A transfer of Paid Parental Leave can occur if you are eligible to receive Paid Parental Leave and:

- you have not used all (or any) of your Paid Parental Leave, and
- your partner becomes the primary carer of your child, and
- your partner is eligible to receive Paid Parental Leave from the time they become the primary carer.

To receive some (or all) of your Paid Parental Leave, your partner must lodge a secondary claim for Paid Parental Leave and must:

- be the primary carer of the child from the time you ceased to be the primary carer
- have met the work test before becoming the primary carer of your child
- have an individual income of \$150,000 a year or less, and
- be living in Australia and meet the residence requirements.

The work test for your partner will be assessed over the 13 month period ending on the day before your partner became the primary carer. The other criteria are the same as for birth mothers.

You can only transfer Paid Parental Leave once. This includes situations in which the full 18 weeks of Paid Parental Leave is transferred to your partner.

If you are separated from your child's other parent, you may be able to transfer your unused Paid Parental Leave to the child's other parent or their partner. They would need to be eligible for Paid Parental Leave and to be the primary carer of your child to receive Parental Leave pay.

You generally cannot transfer Paid Parental Leave to any other person. It may be possible if you cease to be the primary carer of your child because of an accident or disability. The Family Assistance Office can tell you about this.

## **15. Resolving a problem with your employer**

If you believe your employer is not paying you the correct amount, your employer is paying you late or you do not have access to a record of your Parental Leave pay, you should take the following steps.

- You should talk to your employer first to see if you can resolve the issue. It may be that there has been a simple error which can be quickly fixed.
- If you cannot resolve the problem with your employer, you can contact the Family Assistance Office.

The Family Assistance Office will look into the case and, if necessary, try to resolve any disagreement between you and the employer.

If the Family Assistance Office is unable to resolve the matter, they will refer it to the Fair Work Ombudsman for investigation.

The Fair Work Ombudsman will investigate complaints and can enforce an employer's obligations under the Paid Parental Leave scheme. The Fair Work Ombudsman may impose penalties for breaches of these obligations.

While the Fair Work Ombudsman is investigating the matter, the Family Assistance Office may directly provide you with Parental Leave pay for any period that is not covered by funds it has provided to your employer.

The Family Assistance Office may also give you Parental Leave pay that it knows an employer owes you after it has received a report on the matter from the Fair Work Ombudsman. This will only occur if the Fair Work Ombudsman has determined that an employer has withheld Parental Leave pay which is owed to you.

## **16. Parliamentary consideration of the legislation**

Legislation for the Paid Parental Leave scheme is expected to be passed by Parliament in June 2010. When the legislation is passed into law, Paid Parental Leave will become a legal entitlement for eligible parents.

Until the scheme becomes law, it is possible that some details of the scheme that are outlined in this booklet may change.

If any changes do occur, these will be included in updated information about the scheme that the Government will provide when the legislation has passed.

## 17. Getting more information and help

Frequently asked questions for parents are at the Family Assistance Office website, [www.familyassist.gov.au](http://www.familyassist.gov.au). They can also be accessed via [www.australia.gov.au](http://www.australia.gov.au).

Further information about your employment entitlements, including your right to unpaid parental leave, is available on Fair Work Online at [www.fairwork.gov.au](http://www.fairwork.gov.au), or telephone the Fair Work Infoline on 13 13 94.

Frequently asked questions about the employer role in the Paid Parental Leave scheme can be accessed via [www.australia.gov.au](http://www.australia.gov.au).

The questions will be periodically updated in the lead-up to implementation of the Paid Parental Leave scheme.

Information about the Paid Parental Leave scheme for parents and employers will be confirmed following the passage of the Paid Parental Leave legislation through Parliament.



## Appendix A: Examples of benefits to families of Paid Parental Leave

This Appendix contains examples of how the Paid Parental Leave scheme will work. It generally uses 2009–10 rates (see Notes on calculations below). These are not the rates that will apply when the scheme commences, as these rates will change in line with changes in the consumer price index.

### WORKED EXAMPLE 1: Mother receives 18 weeks Parental Leave pay

Emily and Theo have been working for several years prior to the birth of their first child, Olivia, on 5 August. Emily and Theo earned \$52,000 a year each prior to the birth of their baby.

#### Family Income Information

	Usual annual salary	Annual salary in the financial year of birth
Emily	\$52,000	\$4,986
Theo	\$52,000	\$52,000
<i>Total family income</i>	<i>\$104,000</i>	<i>\$56,986</i>

Emily is not eligible for paid maternity leave from her employer. She is eligible for Paid Parental Leave and receives Parental Leave pay of \$543.78 per week for 18 weeks, a total of \$9,788. Emily starts her Paid Parental Leave period from the birth.

Emily cares full-time for her daughter and does not return to work before 30 June.

In the financial year of Olivia's birth, Emily and Theo receive \$2,010 more in net family assistance and Parental Leave pay, than they would have without Paid Parental Leave.

	Baby Bonus	Paid Parental Leave
Parental Leave pay*	\$0	\$9,788
Baby Bonus (non taxable)	\$5,185	\$0
Family Tax Benefit A*	\$2,024	\$1,825
Family Tax Benefit B**	\$3,405	\$1,011
<i>Total assistance</i>	<i>\$10,614</i>	<i>\$12,624</i>
<i>less</i>		
Tax on Parental Leave pay	n.a.***	\$0
<b>Total assistance after tax</b>	<b>\$10,614</b>	<b>\$12,624</b>

\* Parental Leave counts as income for determining eligibility for Family Tax Benefit

\*\* Families are precluded from receiving FTB-B during the 18 week period of Parental Leave pay

\*\*\* not applicable

#### Notes on calculations:

Calculations are based on the National Minimum wage as at February 2010; the 2009–10 payment rates for family assistance; and the 2009–10 tax rates and thresholds.

Tax includes change in tax offsets, tax rebates and the Medicare levy.

Calculations assume mothers obtain their usual wage until the birth unless otherwise stated and that none of the families are private renters.



## WORKED EXAMPLE 2: Mother not eligible for Parental Leave pay

Hayley and Rob's second child is born on 1 February, around two years after their first child. Rob has an annual salary of \$60,000 and Hayley has not returned to work since the birth of their first child.

### Family Income Information

	Usual annual salary	Annual salary in the financial year of birth
Hayley	\$0	\$0
Rob	\$60,000	\$60,000
<i>Total family income</i>	<i>\$60,000</i>	<i>\$60,000</i>

Hayley is not eligible for Paid Parental Leave but will receive the Baby Bonus and other family assistance. Her family receives a total amount of \$12,849 in family assistance in the financial year of the birth of the new baby.

	Baby Bonus	Paid Parental Leave
Parental Leave pay	\$0	Not Applicable
Baby Bonus (non taxable)	\$5,185	
Family Tax Benefit A	\$3,835	
Family Tax Benefit B	\$3,829	
<i>Total assistance</i>	<b>\$12,849</b>	
<i>less</i>		
Tax on Parental Leave pay	n.a.	
<b>Total assistance after tax</b>	<b>\$12,849</b>	

Calculations assume the family are not private renters.

### WORKED EXAMPLE 3: Mother and Father share Parental Leave pay

Simone has been a nurse for seven years, earning around \$60,000 a year. Her partner, Craig, has been a labourer for nine years, earning about \$30,000 a year. Simone and Craig have their first baby, Isaac, on 1 August. Simone takes four weeks recreation or annual leave prior to the birth. She is also entitled to six weeks paid maternity leave from her employer and she takes this from the date of birth.

#### Family Income Information

	Usual annual salary	Annual salary in the financial year of birth
Simone	\$60,000	\$55,808
Craig	\$30,000	\$10,932
<i>Total family income</i>	<i>\$90,000</i>	<i>\$66,740</i>

Simone is eligible for Paid Parental Leave and decides to start her Paid Parental Leave period after her paid maternity leave finishes 6 weeks after the birth.

At 15 weeks after the birth, Simone has the opportunity to accept a promotion to a nursing position with an annual salary of \$70,000. Craig and Simone decide it would be better if Craig took unpaid leave to care for Isaac and Simone returns to full-time work. Simone has received nine weeks of Paid Parental Leave at this stage.

Craig is eligible for Paid Parental Leave and is Isaac's primary carer from the time Simone returns to work until Isaac is one-year old. Craig receives the remaining 9 weeks of Simone's unused Paid Parental Leave.

In the financial year of the birth of their son, Craig and Simone receive \$1,295 more in net family assistance and Parental Leave pay, than they would have without Parental Leave pay.

	<b>Baby Bonus</b>	<b>Paid Parental leave</b>
Parental Leave pay*	\$0	\$9,788
Baby Bonus (non taxable)	\$5,185	\$0
Family Tax Benefit A*	\$1,847	\$1,847
Family Tax Benefit B**	\$2,358	\$911
<i>Total assistance</i>	<i>\$9,390</i>	<i>\$12,546</i>
<i>less</i>		
Tax on Parental Leave pay	n.a.***	\$1,861
<b>Total assistance after tax</b>	<b>\$9,390</b>	<b>\$10,685</b>

\* Parental Leave counts as income for determining eligibility for Family Tax Benefit

\*\* Families are precluded from receiving FTB-B during the 18 week period of Parental Leave pay

\*\*\* not applicable

#### Notes on calculations:

Calculations are based on the National Minimum wage as at February 2010; the 2009–10 payment rates for family assistance; and the 2009–10 tax rates and thresholds.

Tax includes change in tax offsets, tax rebates and the Medicare levy.

Calculations assume mothers obtain their usual wage until the birth unless otherwise stated and that none of the families are private renters.

## WORKED EXAMPLE 4: Mother has twins and is eligible for Parental Leave pay

Jasmin and Luke have been employed full-time for over five years. They both received salaries of around \$50,000 a year before starting their family. On 1 January, Jasmin has twins.

### Family Income Information

	Usual annual salary	Annual salary in the financial year of birth
Jasmin	\$50,000	\$25,000
Luke	\$50,000	\$50,000
<i>Total family income</i>	<i>\$100,000</i>	<i>\$75,000</i>

Jasmin is eligible for Paid Parental Leave and receives Parental Leave pay of \$543.78 per week for 18 weeks, a total of \$9,788. Jasmin starts her first Paid Parental Leave period from the birth. She is not eligible for the Baby Bonus for the first baby but is eligible for the Baby Bonus for the second baby.

Jasmin cares full-time for her children and does not return to work before 30 June.

In the financial year of the birth of the twins, the family receive \$2,796 more in net family assistance and Parental Leave pay, than they would have without Parental Leave pay.

	Baby Bonus	Paid Parental Leave
Parental Leave pay*	\$0	\$9,788
Baby Bonus (non taxable)	\$10,370	\$5,185
Family Tax Benefit A*	\$2,002	\$2,002
Family Tax Benefit B**	\$0	\$0
<i>Total assistance</i>	<i>\$12,372</i>	<i>\$16,975</i>
<i>less</i>		
Tax on Parental Leave pay	n.a.***	\$1,807
<b>Total assistance after tax</b>	<b>\$12,372</b>	<b>\$15,168</b>

\* Parental Leave counts as income for determining eligibility for Family Tax Benefit

\*\* Families are precluded from receiving FTB-B during the 18 week period of Parental Leave pay

\*\*\* not applicable

### Notes on calculations:

Calculations are based on the National Minimum wage as at February 2010; the 2009–10 payment rates for family assistance; and the 2009–10 tax rates and thresholds.

Tax includes change in tax offsets, tax rebates and the Medicare levy.

Calculations assume mothers obtain their usual wage until the birth unless otherwise stated and that none of the families are private renters.

