



Are You Ready for the New Paid Parental Leave Scheme?

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About Us

- Part of The EI Group
- An experienced team of workplace lawyers dedicated to providing workplace relations advice and legal representation in employment law and industrial law matters
- Our services include:
 - Industrial Relations
 - Enterprise Agreement Making
 - Equal Employment Opportunity and Anti Discrimination
 - Terminations and Adverse Action
 - Compliance
 - Legal Advice and Representation

About the Presenter

- Patricia Ryan – Practice Manager of EI Legal
- Solicitor with over thirty years post admission experience
- Qualifications in Law, Human Resource management and Industrial Relations

Topics Covered

- Explanation of the Paid Parental Leave Scheme (PPL)
- Administrative obligations for the Employer
- Deductions
- Affect on existing obligations and entitlements
- Working and Parental leave
- Get ready for July 2011!
- Possible changes to the PPL



Paid Parental Leave Act 2010 (Cth) ("The Act")

The object of this Act is to provide financial support to primary carers (mainly birth mothers) of newborn and newly adopted children, in order to:

- a. allow those carers to take time off work to care for the child after the child's birth or adoption; and
- b. enhance the health and development of birth mothers and children; and
- c. encourage women to continue to participate in the workforce; and
- d. promote equality between men and women, and the balance between work and family life

Overview of the Paid Parental Leave Scheme

- Began on 1 January 2011, however transitional arrangements are in place until 30 June 2011.
- Allows for 18 weeks of paid leave at \$570 (\$589.40 from 1 July 2011) per week before tax (the Federal minimum weekly wage). This is fully funded by the government.
- Applies to births and adoptions occurring after 1 January 2011.
- Must be taken within 12 months of the birth or adoption of a child, and must be for a continuous period of time.
- Can be for either parent. More than one person can take leave in relation to the same child but the total cannot exceed 18 weeks.
- Employers have a unique “paymaster” role in the distribution of pay for long term employees.

Who is Eligible?

- Most working parents of children born or adopted post 1 January 2011 may have access to PPL, provided their application is accepted by the Family Assistance Office (FAO).
- Employees must live in Australia and be either an Australian citizen or a permanent resident.
- Employees must have worked for at least 10 of the last 13 months for at least 330 hours (approximately one day per week) and must also have an income of less than \$150,000 per annum.
- PPL is available to parents who work in their own businesses or in a family business.
- Employers are not required to determine if an Employee is eligible as the FAO will do this.
- An Employer will be notified if an Employee is eligible.

Administrative Obligations of Employer

After 1 July 2011, Employer's will play a large role in the scheme for all employees with 12 or more months of service.

The Employer is not obliged to administer pay for any Employee who has not been employed for 12 or more months, or if the Employee is accessing less than 8 weeks of PPL.

The FAO will provide these Employees with their PPL.



Transitional Arrangements

- Employers participation in the scheme is voluntary until 30 June 2011.
- This allows for any payroll changes to be implemented at the end of the financial year.
- An Employer may elect to participate early and begin to make the payments prior to 1 July 2011.

Administrative Obligations of Employer

- The Employer will incur a range of obligations. These include:
 1. Distribution of payments, minus tax;
 2. Provision of information to the FAO;
 3. Record keeping;
 4. Notification to FAO;
 5. Return of any unpaid funds to the FAO.

The Employer as “Paymasters”

- The Employer will be the paymaster of the scheme, meaning that the pay will be distributed to the Employee in the usual pay cycle by the Employer.
- The pay will be deposited into the Employers nominated bank account from the FAO. It is intended that this will be done 7 days before the funds are to be received. If the payment is late, the Employer is not liable.
- The payment of 18 weeks must be continuous,
- The payments must be paid sometime between birth/adoption and within 12 months of birth/adoption.
- The Employer can choose from two options to receive payments including:
 - Three payments of six weeks each; or
 - Nine fortnightly payments.

Method of Payment

PPL must be paid to an Employee by:

- Cash; or
- Cheque, money order, postal order; or
- EFT

Taxation

- The payments will amount to taxable income.
- The Employer must deduct the PAYG amount from the payments for the Employee.

Child Support

- An Employer may deduct child support payments from the instalments payable if the Employer is required to do so under section 42 or 72A of the *Child Support (Registration and Collection) Act 1988*.

Authorised Deductions

- An Employer may deduct from the payment any amount as long as:
 - The Employee has authorised it; and
 - It is for the Employee's benefit.
- This includes Salary Sacrifice.
- All deductions must be notified to the Employee in writing which must state the amount deducted.
- Any variation to the amount deducted must be in writing and authorised by the Employee.

Superannuation

Superannuation Payments are not made on PPL payments.

Payroll Liability and Worker's Compensation

PPL will not be subject to either payroll tax liabilities or worker's compensation premium liabilities.

Provision of Information

- An Employer must provide the FAO with any requested information, including:
 - Business name and ABN
 - Bank accounts details
 - Pay cycle including cut off details
 - Contact details

Record Keeping Requirements

- The Employer must give notice to the FAO that they have received notification of the Employee's entitlement to PPL within 14 days.
- The Employer must keep records of the amount received from the government, the taxation deducted from the payments and the amount paid to the Employee.
- Records should also be kept of the days worked within the period of parental leave.
- These records should be kept for 7 years

Record Keeping Requirements

Employers are obliged to provide to Employees written notification and records of the payments in the form of pay slips before the end of the next working day. They must include:

- Business Name and ABN
- Employee's Name
- The period in which the payment of parental leave relates
- The date of payment
- The gross and net amounts of pay

Notification

- The Employer must notify the FAO in relation to any changes if the following events happen:
 1. Bank account changes
 2. Installment period change
 3. Payroll cut off for installment payments change
 4. Employer becomes aware that they will cease business
 5. The Employee returns to work
 6. The Employee ceases to be employed
 7. The Employee is not paid an installment
 8. The Employer is not paid enough to fund an installment
 9. The Employer is not paid the PPL
 10. The PPL is more than the amount agreed upon
 11. The sum of the PPL is greater than the agreed amount.

Notification

- Notification must be given of any of these events as soon as practicable.
- In regards to the Employer ceasing business, it must be within 30 days.
- Notice must be given in writing.

Return of any overpaid funds

- If there are any overpaid funds, these must be returned to the Family Assistance Office.
- Overpayment may occur due to a number of factors:
 - The Employee has returned to work sooner than the 18 weeks.
 - The Employee has worked more than 10 days within the period.

Questions?



Affect on Existing Entitlements

- Service and Leave Entitlements
- Existing Parental Leave



Service and Interaction with Entitlements

- The period of leave is not counted as service for the purposes of calculating entitlements to leave. That is, it is not counted as absence on paid leave.
- Leave entitlements such as annual and long service leave may be taken before, concurrently or after the PPL Period

Existing Parental Leave Entitlements

- The PPL does not replace any existing parental leave entitlements.
- Employers cannot withdraw from these entitlements for the duration of the agreement.
- Therefore, an Employee will be able to access 18 weeks of PPL in addition to existing Employer provided parental leave.

Return to Work

- If an Employee returns to work for 1 hour or more, there is a return to work unless the work is for a permissible purpose.
- A permissible purpose is “keeping in touch”
- An Employee is entitled to a maximum of 10 “keeping in touch” work days. These must be voluntary.
- These may cover meetings or training.
- An Employer cannot require an Employee on Parental Leave to work.
- Records must be kept as if the “keeping in touch days” exceed 10 days, entitlement to the scheme ceases.
- If an Employee returns to full time work before the end of the PPL period, payments will stop

Interaction Between the NES and PPL

- The Government will pass amendments to the Fair Work Act 2009 in relation to parental leave to align the PPL scheme with the NES.

Questions?



Get Ready for July 2011!

Process for Paying Parental Leave Scheme

1. Register

- Online at the Centrelink Business Online Services at <http://www.centrelink.gov.au/internet/internet.nsf/businesses/register.htm> or;
- Call the Centrelink Business Hotline on 13 1158.



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2. You will be contacted by the FAO if you are required to provide Parental leave Pay. You will need to provide:

- Business bank details
- Employees pay cycle details
- Business name
- ABN
- Contact details

Get Ready for July 2011!

3. Check payroll records and record keeping are compliant.
4. Discuss leave arrangements with Employees before they commence leave and prior to the birth/adoption of their child.

Office of Family Assistance Website

For any further information regarding the roles and responsibilities of Employers in relation to the Paid Parental Scheme, go to:

<http://www.familyassist.gov.au/payments/family-assistance-payments/paid-parental-leave-scheme/>

This website includes factsheets about transitional arrangements, Frequently Asked Questions about the Employers role and responsibilities in relation to the scheme as well as information for working parents.



Summary of Employer Obligations

1. The Employer must provide required details to the FAO so that it can advance the employer PPL funding amounts.
2. The Employer must provide PPL to its Employee for the PPL period.
3. The Employer must provide PPL to the employee in accordance with the Employee's normal pay cycle.
4. The Employer must withholding tax from the Parental Leave Pay under the usual PAYG withholding arrangements and include Parental Leave Pay in the total amounts on the Employee's annual or part-year payment summary (statements produced and given to the employee for tax purposes).
5. The Employer must provide the employee with access to the record of their Parental Leave Pay – usually a pay slip.
6. The Employer must keep written financial records of receipt of Parental Leave Pay funds from the FAO and of the Parental Leave Pay paid to an employee for 7 years.

Summary of Employer Obligations

7. The Employer must notify the FAO:
 - If and when an employee returns to work
 - If and when an employee is no longer engaged with the employer
 - If the employer changes their bank account details or employee's pay cycle; and
 - If the employer had been advanced an incorrect PPL funding amount by the FAO, or if the employer is unable to provide Parental Leave Pay to the employee.
8. Employers must return any unpaid PPL funding amounts to the FAO.
9. A PPL Employer must notify the FAO in advance of ceasing to trade, selling the business, transferring ownership or merging with another business.

Questions?

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