

Number: 1586
Addressee: ALL MEMBERS
From: CHIEF EXECUTIVE OFFICER
Date: 22 JUNE 2010
Subject: PAID PARENTAL LEAVE NATIONAL SCHEME

Dear Member,

The Paid Parental Leave Bill recently passed by Federal Parliament has established a national scheme that will commence in transitional form on 1 January 2011 and be fully operational from 1 July 2011.

It is important to note that an employer's obligation to provide payment under the scheme is **separate and additional** to any other employee entitlement to paid parental leave under a contract of employment or industrial instrument such as a Certified or Enterprise Agreement.

The key features are as follows:

- The paid parental leave scheme will be fully funded by the Australian Government but employers will be responsible for administering payments.
- 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.
- The entitlement is paid parental leave up to 18 weeks at the national weekly minimum wage (\$569.90 from 1 July 2010).
- To be eligible for the scheme claimants will need to meet a work test, income test and residency requirement. The work test requires the employee to have worked continuously for at least 10 of the 13 months prior to the birth or adoption of the child; and worked at least 330 hours in that 10 month period (around one day a week). The income test requires that the employee has an individual income of \$150,000 year or less in the financial year prior to the date of birth or adoption. The residency test generally requires that the employee must be an Australian citizen or the holder of a permanent visa.
- The employer role is being phased in over the first six months from 1 January 2011 to help employers transition to the new arrangements. During this period employers can opt to provide parental leave pay under the national scheme, otherwise employees will be paid by the Family Assistance Office. After 1 July 2010 employers will be required to pay their eligible employees.

Victorian Hospitals' Industrial Association

312 Kings Way South Melbourne VIC 3205 ABN 77 538 927 547
Switchboard 03 9861 4000 Employment Advice 1800 729 329 WorkCover Hotline 1800 466 637
Fax 03 9867 8540 Email vhia@vhia.com.au www.vhia.com.au

Public health sector

Victorian public health sector employers will continue to provide paid maternity leave that arises under a Victorian public health sector Agreement. Employees who meet the eligibility requirements for the national scheme will receive a separate and additional entitlement. For example, an employee entitled to 10 weeks paid maternity leave under a Victorian public health sector Agreement may be entitled to an additional 18 weeks under the national scheme giving a possible overall entitlement of 28 weeks, albeit at different pay rates.

Private health and community service employers / non-government organisations

Where a private sector or NGO employer specifically provides for paid maternity leave as part of an employee's contract of employment or other industrial instrument, such as a Certified or Enterprise Agreement, the national scheme is an additional and separate entitlement.

Some recent Enterprise Agreement considered the implementation of a national paid parental leave scheme during the bargaining period for the Agreement. For example, many aged care Enterprise Agreements state that should a national scheme be introduced the amount of paid maternity leave provided by the employer shall be reduced by the amount paid to the employee under such a scheme. In such a circumstance an employer should rely on the specific words in the Agreement.

VHIA will provide further information about the Paid Parental Leave scheme as more becomes known about the administrative arrangements.

If you need further information please call Peter Clarke on 03 9861 4000.



Alec Djoneff
Chief Executive Officer