

Newsletter

Your role of Paid Parental Leave Paymaster starts now!

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The much heralded nationally-funded Paid Parental Leave scheme was brought in at the start of the year. But did you know that as of 1 July, you'll be responsible for administering the scheme in your business? If you haven't set up your policies and systems to reflect these new rules, then with the clock ticking, I suggest you get onto it now.

Even though the new Paid Parental Leave scheme has been big news for months now, many employers, especially small business owners and managers are still confused about their responsibilities.

Under the new scheme eligible employees are entitled to 18 weeks' pay at the federal minimum wage of \$570 a week before tax if they are the primary carer of a newly born or adopted child. As an employer, you're not responsible for funding the scheme but as of the beginning on next month and the new financial year, you will be responsible for administering it.

Essentially, your role in the Paid Parental Leave scheme is one of paymaster. If you haven't done so already, you have until the end of June to register your business for the scheme through Centrelink Business Online Services. You'll need to provide information such as your business bank account details, pay cycle details, business name, Australian Business Number (ABN), and contact details.

You'll also have to make any necessary adjustments to your payroll system as well as developing and implementing appropriate policies in your business so you can fulfil your employer obligations and provide parental leave pay from 1 July 2011.

If you've yet to fully prepare your business for the Paid Parental Leave scheme, there are a number of things you really need to do now:

1. It's not too late - take the time now to understand your obligations. There's a wealth of information for employers at the Family Assistance Office website.
2. Work out employee eligibility. There are strict minimum work period requirements and an employee's income cannot exceed \$150,000 a year.
3. Provide necessary details to the Family Assistance Office. As an employer, you need to register through Centrelink's Business Online Services portal.
4. Work out how you will keep appropriate records. Employers must keep records of the funds they receive from the Commonwealth Government and their subsequent distribution to employees.
5. Communicate with your employees. The Paid Parental Leave scheme does not provide a right to additional leave. Leave entitlements are set out in the National Employment Standards (NES) and have not changed. However, this area is causing a great deal of confusion as the eligibility rules specified in the new paid parental leave scheme are more generous than the existing parental leave entitlements set out in the NES. What this means is that in some instances an employee may be entitled to a parental leave payment but not entitled to take the leave. Therefore it's vital that you develop and implement a Paid Parental Leave Scheme policy for your business, clearly documenting your obligations as an employer. Once it's set down in black and white, the policy needs to be formally articulated to staff during induction training and other important HR meetings.



Remember, both your business as the employer and the employee need to register with the Family Assistance Office prior to the leave being taken. And the employee is responsible for choosing between Paid Parental Leave and the Baby Bonus - they can't have both. Proof of the birth needs to be provided to the Family Assistance Office at their earliest opportunity.

While most employers would agree that it's important to retain a connection with an employee during a parental leave period, most would also be at pains to point out that placing the burden of administering the scheme on to them is not a positive outcome. Although the scheme is 100% funded by the Government, you won't be reimbursed for your time and expenses in setting up the system and managing it in your business.

Expert Help

If you are at all uncertain about the Paid Parental Leave Scheme, then clearly you should seek expert help.

In the same way that your business turns to your accountant rather than the Australian Tax Office for help with business advice and tax minimisation strategies, you need to turn to an expert service for help with HR and employment relations issues - and not go alone with the Fair Work Ombudsman.

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