



## Parental Leave Pay – employer role

The Paid Parental Leave scheme requires employers to provide Parental Leave Pay to their eligible long-term employees. The employer role in the scheme is designed to help employers retain their skilled staff by enabling women to remain connected to work and their careers when they take time out of the workforce to have a baby or adopt a child.

In December 2012, 77 per cent of current Parental Leave Pay recipients were receiving the Government-funded pay from their employer.

### When an employer is required to provide Parental Leave Pay

An employer is required to provide Parental Leave Pay to an eligible employee who:

- has worked with the employer for at least 12 months prior to the expected date of birth or adoption of a child
- will be an employee of the employer for the Paid Parental Leave period
- is an Australian-based employee
- is expected to receive at least eight weeks of Parental Leave Pay.

### When an employer can choose to provide Parental Leave Pay

If an employer is not required to provide Parental Leave Pay, they can still choose to provide it to their eligible employees. The employer and employee must agree for this to happen.

Currently, more than one in ten employers registered for the scheme have opted to provide Parental Leave Pay to their employees in circumstances where it is not compulsory.

### Establishing the employer role in providing Parental Leave Pay

Employers do not have a role in deciding if an employee is eligible for Parental Leave Pay. Centrelink will determine whether a claimant is eligible and whether the employer will provide the pay. Centrelink will send a notice (an Employer Determination) to the employer if they are required to provide Parental Leave Pay to their eligible employee.

The Employer Determination sets out, among other things:

- the employee's name
- that the employee is eligible for Parental Leave Pay
- the period for which Parental Leave Pay is payable to the employee
- a request for information to enable funding amounts to be transferred to the employer's bank account
- the employer's obligations under the Paid Parental Leave scheme.

The employer is required within 14 days of receiving the Employer Determination to either accept their obligation to provide Parental Leave Pay to their employee, or seek a review of the Employer Determination if the employer considers the conditions for the employer providing Parental Leave Pay have not been met.



Where the employer is to provide Parental Leave Pay, Centrelink transfers funding amounts to the employer before the employer is required to provide the pay. The employer will receive a notice in respect of each funding amount that includes:

- the name of the person to whom Parental Leave Pay is to be paid
- the gross funding amount sent to the employer for the employee
- any change to the rate of Parental Leave Pay payable to the employee
- the period to which the funding amount relates.

## Employer Obligations

An employer must satisfy the following set of eight obligations in relation to providing Parental Leave Pay to their employees:

1. The employer to provide required details to Centrelink so that funds can be advanced to the employer. Employers will need to provide the following information:
  - the employer's acceptance of the obligation to provide Parental Leave Pay to their employee
  - confirmation of the employer's business name, ABN and contact details (all provided by the employee on the claim form)
  - the employer's bank account details
  - the employee's pay cycle details.
2. The employer to provide Parental Leave Pay to the employee for the Paid Parental Leave period in accordance with the employee's normal pay cycle.
3. The employer to withhold 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.
4. The employer to provide the employee with access to a record of their Parental Leave Pay – usually a pay slip.
5. The employer to keep written financial records of receipt of Paid Parental Leave funds from Centrelink and of the Parental Leave Pay paid to an employee.
6. The employer to notify Centrelink:
  - if and when an employee returns to work before or during their Paid Parental Leave period
  - if and when an employee is no longer employed by the employer
  - if the employer changes their bank account details or employee's pay cycle
  - if the employer has been advanced incorrect Paid Parental Leave funds by Centrelink, or if the employer is unable to provide Parental Leave Pay to the employee.
7. The employer to return any unpaid Paid Parental Leave funds to Centrelink.
8. The employer to notify Centrelink in advance of ceasing to trade, selling the business, transferring ownership or merging with another business.

The scheme was developed and implemented in consultation with employers. The following features are designed to ensure the employer role in the scheme is as beneficial and straightforward as possible for employers.

- Employers are not involved in the assessment of their employee's eligibility, eg. employers are not required to verify their employees' work history.
- Employers are only required to provide Parental Leave Pay to their eligible long-term employees.
- Employers are only required to provide Parental Leave Pay to an employee who will receive eight weeks or more of pay.
- Employers do not have to provide Parental Leave Pay to their employee until after they have received the funds from Centrelink.
- Employers do not need a separate bank account for Paid Parental Leave funds.
- Paid Parental Leave funds are treated in the same way as income to the business, rather than public monies.
- Paid Parental Leave funds do not need to be separately identified in annual financial statements.
- Employers are not required to make superannuation contributions in respect of Parental Leave Pay, although they may do so if they wish.
- Parental Leave Pay does not result in the accrual of any additional leave entitlements.

- Employers are not required to provide Centrelink with any regular reports in relation to the scheme.
- Parental Leave Pay does not give rise to additional workers compensation premiums.
- Parental Leave Pay is not subject to payroll tax.

## More information

More information about the employer role in the scheme is available from the Centrelink website at [www.humanservices.gov.au](http://www.humanservices.gov.au)

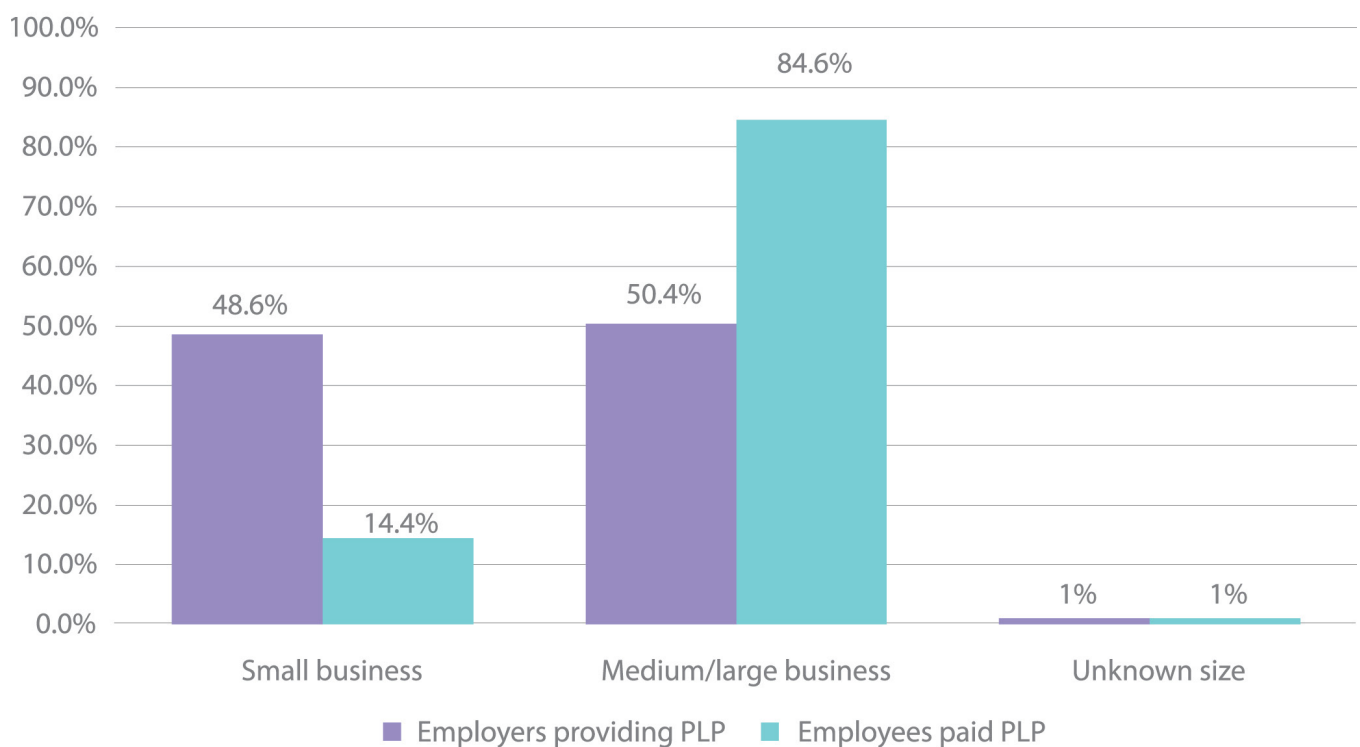
## Employer demographics

Since the commencement of Parental Leave Pay from 1 January 2011 to 31 December 2012:

- more than 43,000 businesses have registered to provide Parental Leave Pay to their eligible employees
- more than one in ten businesses has opted in to provide Parental Leave Pay to non-mandatory employees (such as those who have less than 12 months tenure with their organisation)
- more than 125,000 employees have received Parental Leave Pay from their employer
- in December 2012, 77 per cent of recipients were receiving their Parental Leave Pay from their employer.

### Registered employers and Parental Leave Pay recipients by business size

January 2011 to December 2012



Of all the industry sectors, nearly 40 per cent of businesses registered for the Paid Parental Leave scheme belong in the following three sectors:

- Professional, Scientific and Technical Services
- Health Care and Social Assistance
- Retail Trade.

Of all the industry sectors, more than 40 per cent of employer-provided Parental Leave Pay recipients work in the following three sectors:

- Health Care and Social Assistance
- Public Administration and Safety
- Professional, Scientific and Technical Services.

Industry Type	Registered employers (percentage)	Employees paid PLP (percentage)
Professional, Scientific and Technical Services	15.5	9.1
Health Care and Social Assistance	13.2	19.6
Retail Trade	9.6	8.6
Manufacturing	6.7	4.3
Other Services	6.3	3.6
Administrative and Support Services	6.3	5.2
Wholesale Trade	6.2	4.1
Accommodation and Food Services	5.5	2.8
Education and Training	5.4	5.7
Financial and Insurance Services	5.2	9.0
Construction	4.6	1.9
Rental, Hiring and Real Estate Services	4.1	1.9
Transport, Postal and Warehousing	2.2	2.4
Public Administration and Safety	2.2	14.8
Other (Not in ANZSIC)	2.1	2.5
Information Media and Telecommunications	1.4	1.6
Arts and Recreation Services	1.3	1.0
Agriculture, Forestry and Fishing	1.0	0.4
Mining	0.8	0.8
Electricity, Gas, Water and Waste Services	0.4	0.8
Unknown	0.0	0.0
Total	100.0	100.0