

## Article Information

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Service: Employment & Labour

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## **Paid Parental Leave changes back on the parliamentary agenda**

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*On 20 October 2016 the Government introduced the Fairer Paid Parental Leave Bill 2016 containing a revised proposal to remove “double dipping” from the federally funded scheme. **Erin McCarthy, Partner** and co-author of *Parental Leave: A User Friendly Guide* discusses the major changes contained in the Bill.*

On Mother’s Day 2015, the then Treasurer Joe Hockey announced that the Government would seek to amend the Government Paid Parental Leave scheme to stop parents from “double dipping” by claiming both the Government scheme and any employer funded scheme to which they may have access. This original proposal involved comparing the total value of the Government scheme (18 weeks paid at the minimum wage) against the total value of any applicable employer funded scheme. Only if the Government scheme was more generous overall would a benefit be paid and even then, the employee was only entitled to be paid the difference under the Government scheme. In the absence of sufficient support in the Senate, the 2015 Bill lapsed when the 2016 Federal Election was called.

The Government has now introduced a new bill to Parliament, this time taking a slightly different, and arguably softer approach to achieve the aim of stopping “double dipping”.

The following key changes are proposed to the Government scheme:

- employer funded paid parental leave cannot be taken concurrently with the Government scheme;
- rather than comparing the government and any employer scheme based on total value, Centrelink will consider the number of weeks available to the employee under an employer scheme. Only if that scheme provides for less than 18 weeks paid leave, will an amount be paid under the Government scheme up to a maximum total weeks (across government and employer funded leave) of 18.
- the Government scheme will also provide a supplementary payment for any week where an employee is entitled to a weekly amount under an employer scheme that is less than the minimum wage (but this does not include employer leave taken at half pay);
- if an employer scheme involves payment of a lump sum, Centrelink will divide the lump sum by the minimum wage to determine the equivalent number of weeks paid leave for assessment purposes; and
- where an employer scheme provides for paid leave to be taken at half pay, Centrelink will use the full pay equivalent for assessment purposes.

The one positive aspect for employers is that they will no longer be obliged to undertake the role of paymaster and act as the conduit for payments. All payments will be made directly to the employee by Centrelink.

There has been much controversy about the start date for the revised scheme with the Government stating that it was the intention for the scheme to commence in respect of births or adoptions occurring on or after 1 January 2017. The obvious concern amongst many commentators being that plans would be thrown into disarray for pregnant women who were as far along in their pregnancies as 7 months at the time that the scheme was announced and who had planned their parental leave on the basis that they could access both employer and Government schemes. A number of cross benchers have indicated that if they were to support the Bill, it would be conditional upon a change to the start date to either 1 July 2017 or 1 October 2017. It remains to be seen whether the Government can secure the numbers in the Senate to pass the Bill unchanged or whether negotiation on the start date (or any other component of the Bill) is required.

Piper Alderman will monitor the progress of the Bill and provide an update if and when the changes are passed into law.