Commonwealth Paid Parental Leave
A guide for the NSW public sector
October 2010
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1. **Revision History**

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<th>Version</th>
<th>Approval Date</th>
<th>Next Review Date</th>
<th>Amendment notes</th>
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<tr>
<td>1.0</td>
<td>October 2010</td>
<td>January 2012</td>
<td>Document created</td>
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2. **Introduction**

This guide covers the key features of the Commonwealth Paid Parental Leave (CPPL) scheme and the interaction of the scheme with existing parental and adoption leave entitlements in the NSW public sector.

This guide is intended to supplement the information already available from the Commonwealth Government via the Family Assistance Office (FAO) website and the Centrelink website.

2.1 **The key features of the Commonwealth Paid Parental Leave Scheme**

- The CPPL scheme will generally be for working parents of a child born or adopted on or after 1 January 2011.
- To be eligible for CPPL, a person must be the primary carer of a newborn child or the initial primary carer of an adopted child under the age of 16 years, as well as satisfy a work test, income test, and Australian residency requirements.
- The FAO will determine a person’s eligibility for the CPPL scheme.
- The CPPL scheme will provide payments at the rate of the National Minimum Wage for a maximum of 18 weeks. This 18-week period must be one continuous, unbroken period.
- NSW public sector employees may choose when to start receiving CPPL payments, but must receive all payments within 12 months of the date of birth, or date of placement for adoption, of their child. This means that parents who wish to obtain the full 18 weeks of CPPL pay should nominate a CPPL start date no later than 34 weeks after birth or adoption of their child.
- A NSW public sector employee cannot be at work whilst receiving CPPL payments.
- CPPL payments will cease when a NSW public sector employee returns to work. However, NSW public sector employees can ‘keep in touch’ with their workplace. This means that employees can participate in activities at their workplace for up to ten days after the birth or adoption of their child until the end of the CPPL period, without losing their entitlement.
- If an employee returns to work before receiving all 18 weeks of CPPL pay, their partner may be eligible to receive the unused amount of CPPL pay, as determined by the FAO.

3. **Commonwealth Paid Parental Leave and the NSW public sector**

The CPPL Scheme is independent of other leave entitlements, including parental leave and adoption leave, in the NSW public sector. NSW public sector entitlements will continue to operate unchanged.

This means that a NSW public sector employee who is eligible for the CPPL scheme will receive CPPL payments in addition to their parental leave entitlements under the relevant NSW public sector legislation or industrial instruments.

4. **What do NSW public sector agencies need to know?**

The Commonwealth Government is allowing employers to phase in their role under the CPPL scheme over the six months from 1 January 2011.
From 1 July 2011, NSW public sector agencies must provide CPPL payments to their long-term employees.\(^3\)

### 4.1 From 1 January 2011 to 30 June 2011

From 1 January 2011, the FAO will provide CPPL payments directly to eligible NSW public sector employees. NSW public sector agencies are not required to facilitate CPPL payments to their eligible employees during this time.

### 4.2 From 1 July 2011

From 1 July 2011, NSW public sector agencies are required to provide CPPL payments to their eligible long-term employees. For the purpose of the CPPL scheme, a long-term employee is a person who:

1. Has been an employee for 12 months or more prior to the expected date of birth or adoption, and
2. Will be employed for the period of the CPPL period, and
3. Is Australian based, and
4. Will receive CPPL payments for at least eight weeks.\(^4\)

A set of employer obligations will apply to NSW public sector agencies under the CPPL scheme. From 1 July 2011, a NSW public sector agency must:

1. Provide required bank account details and pay cycle details to the FAO so that it can advance the CPPL funding amounts to the agency.
2. Provide CPPL payments to eligible employees for the CPPL period.
3. Provide CPPL payments to an eligible employee in accordance with employee’s normal pay cycle.
4. Withhold tax from the CPPL pay under the usual PAYG withholding arrangements and include CPPL pay in the total amounts on the employee’s annual and part-year payment summary.
5. Provide the employee with access to a record of their CPPL pay. This may be on payslip or on a separate notice.
6. Keep written financial records of the receipt of CPPL funds from the FAO and of the CPPL payments provided to an employee.
7. Notify the FAO when an employee returns to work.
8. Notify the FAO when an employee is no longer employed by the agency.
9. Notify the FAO if the agency changes bank account details or the pay cycle.
10. Notify the FAO if it has been advanced an incorrect CPPL funding amount by the FAO, or if the agency is unable to provide CPPL pay to the employee.
11. Return any unpaid CPPL funds to the FAO.
12. Notify the FAO in advance of ceasing to exist.

The Commonwealth Government does not require NSW public sector agencies to make superannuation contributions on CPPL payments.

The Commonwealth Government will provide NSW public sector agencies with the funds to provide CPPL payments to eligible NSW public sector employees. An agency is not expected to advance CPPL pay to an eligible employee where it has not received the required funds from the FAO.

\(^3\) For the purpose of the CPPL scheme, a long-term employee is a person that has been an employee of an employer for 12 months or more immediately prior to the expected date of birth, or date of placement for adoption, of a child.

\(^4\) Adapted from the ‘Paid Parental Leave: Information for employers and consultation outcomes’, Department of Families, Housing, Community Services and Indigenous Affairs, Commonwealth Government, May 2010, p. 11

In many cases, the requirement for NSW public sector agencies to pay CPPL payments through normal pay cycle processes may mean changes to the administration of these business processes. The Commonwealth Government has advised that it will not provide funding or reimbursement for the cost of changes to payroll systems and related workflows.

4.3 **How will an Agency’s role start?**

The FAO will notify a NSW public sector agency if it is to provide CPPL payments to an employee. The FAO will provide a written notice (electronically where possible) to a NSW public sector agency that includes:

- The employee’s name.
- That the employee is eligible for CPPL payments.
- The period for which the agency is to provide CPPL payments to the employee.
- A request for information, for example bank details, so that the FAO can advance the CPPL funding amounts to the agency.
- The agency’s obligations under the CPPL scheme.

The FAO will also advise a NSW public sector agency of its review and appeal rights, should it not agree with the decision. For example, an agency may disagree with the FAO’s decision that the agency provides CPPL pay to an employee, as the employee has less than 12 months service. In this case, an agency will have up to 14 days from the date of the notice to ask the FAO to review the decision.

4.3.1 **Registration**

Where possible, contact between the FAO and NSW public sector agencies will be via Business Online Services at the Centrelink website.

NSW public sector agencies should register their details with the FAO via Business Online Services on the Centrelink website. Agencies will be responsible for their own registration and will be asked to nominate where notices from the FAO are to be sent and the bank account into which CPPL funding amounts are to be deposited.

For more information about the role of employers in the CPPL scheme, NSW public sector agencies are encouraged to review the ‘Paid Parental Leave - Employer Business Requirements Statement’ from the FAO website.

5. **What do NSW public sector employees need to know?**

The key features of the CPPL scheme are important for NSW public sector employees to know. Some of these issues are outlined below.

- NSW public sector employees are responsible for lodging their claim directly with the FAO. Employees may lodge their claim for CPPL online or in paper form.

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• CPPL claims can be lodged up to three months in advance of the date of birth or date of placement\(^7\) of a child. Employees are encouraged to lodge their CPPL claim prior to the birth or adoption of their child.
• NSW public sector employees are encouraged to discuss their intention to claim CPPL with their employer.
• CPPL pay is taxable.
• Regardless of their usual working arrangements, NSW public sector employees will receive CPPL pay for each weekday of their CPPL period, including public holidays.
• The CPPL period itself is not recognised as service for any purpose and will not result in the accrual of any additional leave entitlements.
• The Commonwealth Government does not require NSW public sector agencies to make superannuation contributions in respect of CPPL pay.
• NSW public sector employees cannot access both the CPPL scheme and the Baby Bonus\(^8\).
• If a NSW public sector employee is not eligible, or chooses not to receive CPPL payments, they may be able to receive the Baby Bonus and Family Tax Benefit if they meet the relevant requirements.

5.1 From 1 January 2011 to 30 June 2011

• Eligible NSW public sector employees will receive CPPL payments directly from the FAO for the CPPL period.
• The FAO will provide a record of CPPL payments to eligible employees.
• The FAO will withhold Pay As You Go (PAYG) tax at the rate of 15 per cent unless an employee requests another rate\(^9\).
• NSW public sector employees are not able to salary sacrifice CPPL pay that is provided to them directly by the FAO\(^10\).

5.2 From 1 July 2011

• Eligible NSW public sector employees, if they are long-term employees\(^11\), will receive CPPL pay directly from their employer.
• CPPL pay will be paid in accordance with an eligible employee’s normal pay cycle.
• PAYG tax will be withheld by NSW public sector agencies under the usual PAYG withholding arrangements.
• Eligible NSW public sector employees will receive a record of their CPPL pay. This may be on a payslip or on a separate notice. These payments will also be included in the total amounts on the employee’s annual and part year payment summary.
• Eligible NSW public sector employees are able to salary sacrifice all or part of CPPL pay they receive from their employer.

5.3 Claiming Commonwealth Paid Parental Leave

Mothers of babies born on or after 1 January 2011 may be eligible for the CPPL scheme.

The primary carer of a child under the age of 16 years who is adopted on or after 1 January 2011 may be eligible for the CPPL scheme.

\(^7\) In the case of adoption
\(^8\) Except in the case of multiple births, for example twins or triplets, where CPPL may be claimed in respect of one child and the Baby Bonus for the other children
\(^9\) 'Paid Parental Leave: Information for Parents', Department of Families, Housing, Community Services and Indigenous Affairs, Commonwealth Government, May 2010, p. 21
\(^10\) 'Paid Parental Leave: Information for Parents', Department of Families, Housing, Community Services and Indigenous Affairs, Commonwealth Government, May 2010, p. 21
\(^11\) A long-term employee is a person that has been an employee of the employer for 12 months or more immediately prior to the expected date of birth, or date of placement for adoption, of a child
However, NSW public sector employees cannot receive both CPPL payments and the Baby Bonus\textsuperscript{12}. From 1 October 2010, employees will be able to use the Paid Parental Leave Comparison Estimator at the Centrelink website to help them to decide which payment is the best financial decision for their family.

5.3.1 Eligibility

NSW public sector employees may be eligible for the CPPL scheme if they:

1. Are the mother of a child born on or after 1 January 2011, or the primary carer of a child under the age of 16 years, who was placed with them on or after 1 January 2011, and
2. Have met the CPPL work test before the birth or adoption occurs, and
3. Have an individual income of $150,000 a year or less, and
4. Are living in Australia and meet the residence requirements\textsuperscript{13}.

NSW public sector employees who are not eligible for, or choose not to receive CPPL pay, may be able to receive the Baby Bonus and Family Tax Benefit if they meet the relevant requirements.

5.3.2 Work Test\textsuperscript{14}

A NSW public sector employee meets the CPPL work test if they have:

1. Worked continuously for at least ten of the 13 months prior to the birth or adoption of your child, and
2. Worked for at least 330 hours in that ten-month period (around one day a week).

As long as an employee did not have more than an eight-week break between working days, they will be regarded as having worked continuously.

A working day is a day on which an employee performed at least one hour of paid work or took at least one hour of paid leave.

5.3.3 Income Test\textsuperscript{15}

A NSW public sector employee is eligible for the CPPL scheme if their adjusted taxable income is not more than $150,000 in the financial year prior to the date of birth or adoption, or the date of claim, whichever is the earlier.

5.3.4 Residency Requirements\textsuperscript{16}

To meet the residency requirements for the CPPL scheme, A NSW public sector employee must be living in Australia and be:

- An Australian citizen, or
- The holder of a permanent visa, or
- A New Zealand citizen who arrived in Australia on a New Zealand passport, or
- The holder of a specified temporary visa.

\textsuperscript{12} Except in the case of multiple births, for example twins or triplets, where CPPL may be claimed in respect of one child and the Baby Bonus for the other children
\textsuperscript{13} Adapted from the ‘Paid Parental Leave: Information for Parents’, Department of Families, Housing, Community Services and Indigenous Affairs, Commonwealth Government, May 2010, p. 3
\textsuperscript{14} Adapted from the ‘Paid Parental Leave: Information for Parents’, Department of Families, Housing, Community Services and Indigenous Affairs, Commonwealth Government, May 2010, p. 4
\textsuperscript{15} Adapted from the ‘Paid Parental Leave: Information for Parents’, Department of Families, Housing, Community Services and Indigenous Affairs, Commonwealth Government, May 2010, p. 5
\textsuperscript{16} Adapted from the ‘Paid Parental Leave: Information for Parents’, Department of Families, Housing, Community Services and Indigenous Affairs, Commonwealth Government, May 2010, p. 5
5.4 **Lodging a Claim for Commonwealth Paid Parental Leave**

NSW public sector employees can lodge claims for CPPL at [Online Services](#) on the Centrelink website, or in paper form with the FAO, up to three months before the expected date of birth or adoption of a child.

The FAO will be responsible for assessing a NSW public sector employee’s eligibility for CPPL based on the information provided by the employee.

The FAO will notify NSW public sector employees if they are eligible to receive CPPL. If an employee is eligible, the FAO will also advise:

- How CPPL pay will be received,
- What an employee needs to do after the birth or adoption of their child to make sure that they receive CPPL pay, and
- What changes the FAO need to know.

The FAO will advise NSW public sector agencies if an employee is eligible for CPPL. However, since employees must not be at work during the CPPL period, they should submit an appropriate application for leave with their agency in accordance with the relevant award, industrial instrument or policy requirements.

The FAO will advise NSW public sector employees if they are not eligible for CPPL, or other family assistance for which they have applied. The FAO will also advise what can be done if an employee disagrees with this decision.

5.5 **Transfer of Commonwealth Paid Parental Leave**

The primary carer of a newborn or adopted child may transfer any unused CPPL pay to another person, such as his or her partner.

The other primary carer can lodge a claim for CPPL with the FAO and if eligible, they will receive any unused CPPL pay. Employees cannot both receive CPPL payments at the same time for the same child.

5.6 **Keep in Touch**

A NSW public sector agency and an employee can agree to ‘keep in touch’ during an employee’s period of CPPL. This means that an employee can agree to participate in activities at the workplace for up to ten days during the CPPL period without losing their entitlement to CPPL pay. These days need not be consecutive.

For example, an employee may wish to attend a training day or a planning day before they return to work.

Both an agency and an employee must agree to an employee participating in these activities, that is, when an employee is ‘keeping in touch’. An agency cannot direct an employee to work during their period of CPPL.
An employee who has a ‘keep in touch’ day is to receive their normal level of remuneration under the relevant industrial instrument, as well as CPPL pay for that day. Note that ‘keep in touch’ activities do not extend an employee’s period of CPPL.

More detailed information about the responsibilities and entitlements of employees under the CPPL scheme are contained in the ‘Paid Parental Leave – Information for Parents’ booklet at the FAO website.

6. **More Information**

NSW public sector employees are strongly encouraged to find more information about their entitlements and responsibilities under the Commonwealth Paid Parental Leave Scheme by:

- Accessing the [Centrelink](#) website
- Accessing the [Family Assistance Office](#) website
- Downloading the ‘Paid Parental Leave – Information for Parents’ booklet
- Contacting the Family Assistance Office on **13 61 50**
- Visiting any Family Assistance Office located in Medicare offices or Centrelink Customer Service Centres

NSW public sector agencies are strongly encouraged to find more information about their obligations under the Commonwealth Paid Parental Leave Scheme by:

- Accessing the [Family Assistance Office](#) website
- Downloading the ‘Paid Parental Leave – Information for employers and consultation outcomes’ booklet
- Downloading the ‘Paid Parental Leave - Employer Business Requirements Statement’
- Calling the Business Hotline on **13 11 58**
- Visiting a Centrelink Customer Service Centre