



The Hon Jenny Macklin MP
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The Hon John Murphy MP
Chair
Standing Committee on Petitions
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr Murphy *John*

Thank you for your letter of 15 November 2010 about a petition submitted to the Standing Committee on Petitions concerning paid parental leave.

The petition calls for Members of the House of Representatives to support a paid parental leave scheme that will be fully operational by 1 January 2011. I note that the petition contained more than 25,000 signatures from Australians who have been waiting many decades for a paid parental leave scheme.

It is with great pleasure and pride that I can inform the signatories that legislation for the Australian Government's Paid Parental Leave scheme (the scheme) was enacted on 14 July 2010. Payments under the scheme are due to commence from 1 January 2011.

The scheme is an historic reform for Australia and demonstrates the Government's ongoing commitment to supporting working families. The scheme will give more babies the best start in life, and give parents the financial security to spend more time at home with their new baby.

The role of employers in the scheme provides an important signal that having a child is not incompatible with continued labour force participation, even though it is important for parents, particularly mothers, to spend time away from work to care for newborn children.

The scheme will help employers retain valuable skilled and experienced staff through encouraging greater workforce participation and continued workforce attachment. Businesses will obtain the benefits of the scheme without having to fund the cost of Parental Leave Pay and without unnecessary red tape. By supporting the care of newborn children, it will contribute to the productivity of future generations.

The scheme has been fully costed and is funded by the Government. It will provide Parental Leave Pay for 18 weeks at the rate of the National Minimum Wage (currently \$570 per week before tax) to eligible working parents whose child is born or adopted on or after 1 January 2011.

To be eligible for the scheme, a person will need to be the primary carer of a child and meet the scheme's work test, income test and residency requirements. The generous work test means that casual and part-time workers and the self employed may be able to access Paid Parental Leave, many for the first time.

The primary carer, usually the mother, will need to have worked around one day a week for at least 10 of the 13 months prior to the birth or adoption and have not earned more than \$150,000 in the previous financial year. Only the primary carer's income counts toward the income test, not the household income.

Government-funded Parental Leave Pay can be taken before, after or at the same time as any employer-funded parental leave, or other employer-funded leave entitlements (such as annual leave or long service leave). From 1 January to 30 June 2011, Parental Leave Pay will be paid through the Family Assistance Office, unless an employer elects to pay, and their employee agrees.

From 1 July 2011, employers will provide Parental Leave Pay to employees who have worked with them for 12 months or more and who will receive at least eight weeks payment. Employers may also choose to provide Parental Leave Pay to other eligible employees. Otherwise parents will receive their payment from the Family Assistance Office.

Australia has waited too long for a national Paid Parental Leave scheme and this Government is delivering this historic reform for families.

Thank you again for providing me with the opportunity to comment on this petition.

Yours sincerely

JENNY MACKLIN MP