

Article Information

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An update on the proposed changes to paid parental leave

On 8 February 2017, the Government introduced legislation into the Federal Parliament which proposes changes to the national paid parental leave scheme.

*On 8 February 2017, the Government introduced legislation into the Federal Parliament which proposes changes to the national paid parental leave scheme. This is the Government's third attempt in recent years to implement changes to the government paid parental leave scheme and the changes proposed are broadly similar to previous iterations, with only a few notable changes. **Partner, Erin McCarthy** and **Law Graduate, Shauna Roeger** discuss the changes contained in the Bill.*

What has happened so far?

As we have [written](#) previously, paid parental leave changes have been on the parliamentary agenda since mid 2015. On Mother's Day 2015, then Treasurer Joe Hockey announced that the Government would seek to amend the Government Paid Parental leave Scheme to prevent parents from "double dipping" by claiming both the Government scheme and any employer funded scheme to which they may have access. The Government could not garner sufficient support for the changes in the Senate, and the 2015 Bill lapsed when the 2016 Federal Election was called.

Then, in October 2016 (as we [wrote](#)) the Government introduced the Fairer Paid Parental Leave Bill 2016. The 2016 Bill took a different, arguably "softer", approach to cracking down on the so-called "double dipping".

Now, in the Government's third attempt to implement changes to the government paid parental leave scheme, the proposed changes have been introduced as part of the Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017 (**the Bill**). The Bill is an omnibus savings bill which combines sixteen policy changes, with the most significant changes being passing the government's childcare reforms and cuts to family tax benefits.

The Bill's explanatory memorandum explains that the changes are intended to make paid parental leave "more fairly targeted to ensure eligible working parents have access to a base level of financial support on the birth or adoption of their child". The savings from the paid parent leave changes to the government are now projected to be \$491.2m.

What changes are proposed?

The key changes proposed in the Bill are:

- The maximum parental pay is extended from the current 18 weeks to 20 weeks;
- Parents who are entitled to at least 20 weeks of employer-provided paid parental leave at the National Minimum Wage will not receive any parental leave pay under the government paid parental leave scheme;
- Parents who are entitled to less than 20 weeks of employer-provided paid parental leave will be entitled to receive the difference under the government paid parental leave scheme;
- It will no longer be mandatory for employers to undertake the role of "paymaster" in the national paid parental leave scheme. Instead, employees will be paid directly by the Department of Human Services (**DHS**).
- Employers will be able to "opt in" to managing the payment of parental leave to their employees, provided that the employees agree to the employer paying them instead of the DHS. In this case, the employer will pay the employee using funds that are transferred from the DHS and the employee will receive the same amount they would receive if they were paid directly by the DHS.

The changes proposed in this Bill closely resemble the changes that the Government has been attempting to pass in the past few years. The key difference is that the Bill extends the maximum parental pay from the current 18 weeks to 20

weeks.

Will the changes be passed by Parliament?

The Government has emphasised that the proposed changes to paid parental leave currently before Parliament are the result of months of negotiations with the Senate cross bench, and represent a compromise on the changes the Government initially sought to implement. However, the proposed changes are embedded in an omnibus savings Bill that makes a range of amendments to income and family support, and it remains to be seen whether the Bill will be passed by the Senate.

If the Bill is passed, the changes to paid parental leave will not commence until at least nine months after the Bill is passed, so the changes will not affect already-pregnant mothers.

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