



Australian Government

Australia's Paid Parental Leave Scheme

Supporting working Australian families



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Foreword

The introduction of a Paid Parental Leave scheme in Australia is an historic reform to prepare Australia for the challenges of the future.

The Government scheme will provide greater financial support to families, increase workforce participation and promote early childhood development.

Australia has been one of only two OECD countries, along with the United States of America, which does not have a comprehensive Paid Parental Leave scheme.

A Paid Parental Leave scheme demonstrates the Australian Government's ongoing commitment to supporting working families. It reflects our child-centred approach to family policy, which is fundamentally about what is in the best interests of children.

The scheme will give more babies the best start in life. The payment will enable more parents to stay at home to care for their baby full-time during the vital early months of social, cognitive and physical development.

The introduction of a national Paid Parental Leave scheme also encourages women to maintain their connection with the workforce and their careers and is essential to help prepare Australia for the challenges of an ageing population.

The Government is committed to supporting mothers, whether they are in a paid job or at home. The Baby Bonus and Family Tax Benefits will still be available for families not eligible for Paid Parental Leave, and for those who choose not to participate in the scheme.

The Government has been prudent in designing a Paid Parental Leave scheme that is affordable and which minimises impacts on employers, in particular small businesses, in these tough times.

The scheme being introduced by the Australian Government is closely based on that proposed in the Productivity Commission's Final Inquiry Report *Paid Parental Leave: Support for Parents with Newborn Children*.

The Australian Government has responded decisively to the Productivity Commission report with the introduction of a balanced and fair Paid Parental Leave scheme in Australia.

Julia Gillard

Deputy Prime Minister
Minister for Education
Minister for Employment and Workplace Relations
Minister for Social Inclusion

Wayne Swan

Treasurer

Jenny Macklin

Minister for Families, Housing,
Community Services and
Indigenous Affairs

Contents

1. Australia's Paid Parental Leave scheme at a glance	1
2. Why Australia needs a Paid Parental Leave scheme	3
3. What Paid Parental Leave will achieve	4
4. Key outcomes of the Productivity Commission inquiry	5
5. Paid Parental Leave eligibility	7
6. The financial benefits for new parents	9
7. Claiming Paid Parental Leave	11
8. The role of employers	12
9. Interaction with existing leave entitlements	13
10. Implementation	14
11. Government changes to the Productivity Commission's scheme	15
12. Review and evaluation	16
13. Further information	17
Appendix: Worked examples of benefits to families from Paid Parental Leave	18
1: Eligibility for PPL for working couple	
2: Family not eligible for PPL	
3: Parents sharing receipt of PPL	
4: Eligibility for PPL and Baby Bonus for twins	



“The more that parental leave arrangements mimic those that exist as part of routine employment contracts, the more they will be seen by employers and employees as standard employment arrangements, with the dual effect of:

- promoting employment continuity and workplace retention (thus helping to preserve job and employer specific skills that would be reduced if parents were to resign or move to another employer) and reducing training costs for employers, and
- signalling that a genuine capacity to take a reasonable period of leave from employment to look after children is just a normal part of working life.”

Productivity Commission Inquiry Report, Paid Parental Leave: Support for Parents with Newborn Children, February 2009

1. Australia's Paid Parental Leave scheme at a glance

The Australian Government will introduce a comprehensive Paid Parental Leave (PPL) scheme for new parents who are the primary carers of a child born or adopted on or after 1 January 2011.

An eligible person will receive taxable PPL payments at the level of the Federal Minimum Wage, currently \$543.78 a week, for a maximum period of 18 weeks. In most cases, the person will receive the payment through their employer.

To be eligible for the PPL scheme, the primary carer (usually the mother) must be in paid work and have:

- been engaged in work continuously for at least 10 of the 13 months prior to the expected birth or adoption of the child; and
- undertaken at least 330 hours of paid work in the 10 month period (an average of around one day of paid work a week).

An income test of \$150,000 will apply based on the primary carer's adjusted taxable income in the previous financial year.

PPL will cover employees, including casual workers, as well as contractors and the self-employed. If a primary carer returns to work before they have received all of their PPL entitlement, they may be able to transfer the unused part of their PPL to another caregiver (usually the father) who meets eligibility requirements.

Eligible families can choose whether to participate in the scheme depending on their individual circumstances. Families electing to participate in the scheme will not receive the Baby Bonus (except in multiple birth cases) or Family Tax Benefit Part B during the 18 week PPL period. The dependent spouse, child housekeeper and housekeeper tax offsets also will not be available during this period.

New mothers who are not eligible for PPL will continue to receive, if eligible, the current forms of family assistance (including the Baby Bonus).

The PPL scheme will have a net cost to the Government of \$731 million over five years.

Full details of the scheme are to be finalised and the Government will be undertaking consultations in the second half of 2009.

Women in lower paid jobs have less access to employer provided paid maternity leave

Availability of employer provided paid maternity leave for female employees by weekly earnings



ABS, Employee Earnings, Benefits and Trade Union Membership, Australia, August 2008, Cat No 6310.0

2. Why Australia needs a Paid Parental Leave scheme

A PPL scheme will deliver crucial benefits to prepare Australia for the challenges ahead and encourage participation and productivity now and in the future.

In support of a PPL scheme, the Productivity Commission inquiry into *Paid Parental Leave: Support for Parents with Newborn Children* concluded that:

- there is compelling evidence of child and maternal health and development benefits from a period of absence from work for the primary caregiver of around six months;
- there are sound rationales for stimulating women's labour force participation rates to overcome the disincentives imposed by the existing welfare and tax systems on women's labour force participation; and
- PPL could advance broad social objectives, such as achieving greater gender equity and balance between paid work and family life.

Women's workforce participation in Australia has increased dramatically over the past 30 years. However, during the peak child bearing years, Australian women's workforce participation reduces by a greater amount than for women in other leading industrialised countries.

The Productivity Commission inquiry found that current access to employer-funded PPL in Australia is highly uneven. In 2007 around 54 per cent of female employees and 50 per cent of male employees had access to some form of PPL. However, only around one third of employed women who actually had children received PPL from their employer. Seventy-four per cent of female full-time employees had access to PPL compared with only 32 per cent of female part-time employees. Similarly, the availability of PPL for public sector workers is nearly double that of private sector workers.

PPL is more available in some industries than in others. The industries with the lowest levels of access to PPL are award-reliant, female dominated, low skilled and highly casualised. PPL also becomes more common for both men and women as gross wages increase. In 2007, less than one quarter of women on very low wages had access to PPL, compared to three quarters on high wages.

Comprehensive access to PPL for all working women is unlikely to occur without action by the Australian Government.

3. What Paid Parental Leave will achieve

The Productivity Commission analysed the available evidence and concluded a scheme similar to the one the Government has adopted would have a number of significant positive benefits. These include:

- increasing the average length of leave taken by employed women after childbirth by around 10 weeks. Coupled with other leave arrangements, this was estimated to allow most infants to be exclusively cared for by a parent for the first six months of life (without undue financial stress), improve child development outcomes, enhance support for breastfeeding with its health benefits for mothers and infants, and provide a reasonable period of leave for maternal recovery from childbirth;
- encouraging increased workforce participation for women prior to having children and between pregnancies. The average Australian woman's lifetime period of employment may be extended by between two to six months. There is expected to be a long-term increase in labour supply in industries that predominantly employ women; and
- changing community attitudes by sending a strong signal that having a child and taking leave from work around the time of the birth or adoption is part of the normal course of work and family life.

“There is compelling evidence of child and maternal health and welfare benefits from a period of absence from work for the primary caregiver of around six months and a reasonable prospect that longer periods (nine to twelve months) are beneficial.”

Productivity Commission Inquiry Report, Paid Parental Leave: Support for Parents with Newborn Children, February 2009

4. Key outcomes of the Productivity Commission inquiry

The Productivity Commission considered a wide range of options for funding a PPL scheme. These included full direct employer financing, income contingent loans, pooled levy arrangements, concessional business tax arrangements and leave savings accounts.

The Commission analysed the benefits and disadvantages of each of these options and sought to balance the interests of employers and employees. The Productivity Commission recommended a scheme designed to provide wide coverage and modest financial benefits to working mothers, and to ensure minimal impact on employers. The Commission also recognised the current economic environment in Australia and concluded that the best option for Australia was a **Government financed scheme**.

In addition, the Commission recommended two key features for the scheme:

- in most cases employers should make the payments to their employees to ensure primary carers (predominantly women) stay connected with the workplace; and
- the scheme should cover 18 weeks of leave as it estimated that, coupled with other leave arrangements, this would allow most infants to be exclusively cared for by their parents for the first six months of life (without undue financial stress).

The Government accepted these recommendations and its PPL scheme has each of these three key features.



5. Paid Parental Leave eligibility

To be eligible for Paid Parental Leave, a person must:

- be the primary carer of a child born or adopted on or after 1 January 2011;
- be the mother of the newborn child or the parent of the adopted child*;
- be in paid work* and have:
 - been engaged in work continuously for at least 10 out of the 13 months prior to the birth or adoption of the child;
 - worked at least 330 hours in the 10 month period (an average of around one day of paid work per week);
- not have worked between the date of birth or adoption of the child and their nominated start date for Paid Parental Leave; and
- have an adjusted taxable income of \$150,000 or less in the financial year prior to the date of birth or adoption of the child or the date of their claim, whichever is earlier.

PPL will be payable to mothers in the tragic circumstance of a stillborn baby.

PPL will cover employees, including casual workers, as well as contractors and the self-employed, many of whom currently have no access to employer-provided PPL entitlements.

If a primary carer returns to work before they have received all of their PPL entitlement, they may be able to transfer the unused part of their PPL to another primary carer (usually the father) who meets eligibility requirements.

The PPL entitlement will be able to be taken in conjunction with, or in addition to, employer-provided paid maternity and parental leave, and other employer-provided leave entitlements (see part 9).

Parents who meet the eligibility criteria for PPL can **choose** to receive the Baby Bonus and other family assistance under the usual rules instead of receiving PPL. The Productivity Commission estimated that around 14 per cent of all eligible parents would elect for this option as the net benefit of the PPL scheme in their particular circumstances would be similar to or less than their family assistance entitlements.

An online calculator will be available to help parents assess the relative benefits of participating in the scheme in their individual circumstances.

*There are likely to be a number of 'special circumstances' in which a person who does not meet these criteria may be eligible for PPL. Details of these arrangements will be finalised during implementation.



Emily and Theo have been working for several years prior to the birth of their first child, Olivia, on 5 August. Emily and Theo earned \$52,000 a year each prior to the birth of their baby.

Emily is not eligible for paid maternity leave from her employer. She is eligible for PPL and receives taxable payments of \$543.78 per week for 18 weeks, a total of \$9788. These begin from her first full pay period after the birth.

Emily cares full-time for her daughter and does not return to work before 30 June.

In the financial year of Olivia's birth, Emily and Theo receive around \$2300 more in net family assistance and PPL, than they would have without PPL.

Generally calculated using 2008-09 rates.
See Appendix, Worked Example 1 for details.

6. The financial benefits for new parents

A parent eligible for PPL will receive taxable payments at the Federal Minimum Wage, currently \$543.78 a week, for a continuous period of up to 18 weeks (a total of \$9788).

It is estimated that 148,000 new parents will be eligible for PPL payments each year. Parents receiving PPL will, on average, receive around \$2000 more than under current family assistance arrangements. This net benefit takes into account the payment of tax, forgone Baby Bonus and interactions with Family Tax Benefits.

Families receiving payments under the scheme will not receive the Baby Bonus. For multiple births, the Baby Bonus may be paid for the second or additional children.

Family Tax Benefit Part B will not be payable to the family during the period when PPL payments are being received. The dependent spouse, child housekeeper and housekeeper tax offsets also will not be available during this period.

PPL payments will be taxable income and will affect entitlement to family assistance payments. Income from PPL will **not** be treated as income for Parenting Payment (partnered and single), or other income support payments, such as the Disability Support Pension and Newstart Allowance.

Superannuation payments will not be made for Government Paid Parental Leave but this decision will be subject to a review beginning two years after the scheme has commenced.

Setting up PPL payments prior to the birth of a child

Anne is expecting her second baby on 1 February 2011. She is currently employed part-time and is eligible for the Government PPL scheme. She is also eligible for six weeks employer-funded paid maternity leave and she plans to take this prior to the birth.

Anne must talk to her employer about her leave intentions, including her intention to take unpaid parental leave.

Anne will be able to apply for her Government PPL up to three months prior to the expected birth of her child, i.e. from 1 December 2010. The application form will seek details such as:

- her expected confinement date;
- her employment status and details on her current employer;
- her work history (to establish eligibility); and
- the proposed start and end dates for her PPL payments.

Anne will need to produce sufficient evidence to establish her eligibility for PPL. This may consist of copies of tax assessment notices, payment summaries issued to her by employers, payslips or other similar forms of evidence. Details on the required evidence will be finalised during implementation.

The Family Assistance Office will communicate with both Anne and her employer. It will confirm with her employer that it has:

- appropriate details to properly identify the employer;
- the bank account details necessary to pay the employer;
- accurate information on the employer's usual pay cycle to ensure that payments are made in advance.

The Family Assistance Office will also ensure that the employee and employer have the same understanding of when PPL payments are to be made.

Once Anne's baby is born, she will need to verify the birth with the Family Assistance Office.

Anne will begin receiving her PPL payments at the time she has specified, consistent with her employer's usual pay cycle.

7. Claiming Paid Parental Leave

Parents will be able to apply for PPL prior to the birth or adoption of their child, around the same time as they are making their leave arrangements with their employer.

Application for PPL will be through the Family Assistance Office*. Parents will be required to provide sufficient evidence to demonstrate their eligibility, including work history.

Parents who claim PPL must receive their PPL payments through their employer where they are eligible to do so. Employers will make payments only to employees who have 12 months continuous service prior to the date of birth or adoption. Other parents who claim PPL will receive their payments directly from the Family Assistance Office.

Eligible parents will be able to nominate the period they are paid PPL, which may involve consideration of existing employer-funded leave. PPL must be taken after the birth or adoption of the child, and within 12 months after that event.

The Family Assistance Office will be responsible for administering the PPL scheme. It will ensure that Government funds are transferred to employers in advance of their usual payroll cycle so that they can make payments to employees, and will ensure employers and employees both know when payments to parents are to be made.

Hayley and Rob's second child is born on 1 February, around two years after their first child. Rob has an annual salary of \$60,000 and Hayley has not returned to work since the birth of their first child.

Hayley is not eligible for PPL but will receive the Baby Bonus and other family assistance. Her family receives around \$12,200 in family assistance in the financial year of the birth of the new baby.

Generally calculated using 2008-09 rates.
See Appendix , Worked Example 2 for details



*The Family Assistance Office is located in all Centrelink Customer Service Centres and Medicare Australia Offices.

8. The role of employers

The PPL scheme has been designed to impose minimal new costs on employers.

Employers will be responsible for making PPL payments only where the employee has completed 12 months continuous service prior to the date of birth or adoption of the child.

The Family Assistance Office will ensure that employers receive the required Government funds in advance of their making PPL payments to the employee in their usual payroll cycle.

As is the case now, parents will generally notify and agree leave arrangements with their employer before they commence leave prior to the birth or adoption of their new child. This will include parents notifying their employer when they wish to receive their PPL payments (see part 7 for further information on parents being able to choose when they wish to take their PPL entitlement).

Employers will not be required to make superannuation payments for Government PPL. Employees will not accrue leave entitlements during a period of Government PPL.

It is estimated that employers will make payments to around 100,000 employees eligible for PPL each year, mostly in larger businesses. The Productivity Commission estimated that only around 4 per cent of small businesses would make payments under the scheme in any given year.

The Government will consult with business organisations and employers to help make the new PPL arrangements as simple as possible for employers. The consultations will take place during the second half of 2009 in the early stages of the scheme's implementation.

“Many firms currently provide paid maternity leave on a voluntary basis. ...Key motivations for the introduction of paid leave arrangements have been to: provide a signal that the employer is ‘family-friendly’ and values female staff ...increase employee loyalty and promote higher retention rates...”

Productivity Commission Inquiry Report, Paid Parental Leave: Support for Parents with Newborn Children, February 2009

9. Interaction with existing leave entitlements

Government PPL can be taken in conjunction with, or in addition, to employer-provided paid leave such as recreation leave and employer-provided maternity leave, around the time of the birth or adoption of a child.

Government PPL must be taken *after* the birth or adoption of a child and be completed within 12 months of the date of the birth or adoption. It will not be paid for any period after a parent returns to work. However, a parent may be able to:

- transfer their remaining PPL entitlement to another eligible primary carer (usually the father); or
- be in the workplace under ‘keeping in touch’ provisions*.

Employers who provide PPL through an industrial instrument cannot withdraw that entitlement for the life of that instrument. During bargaining for a new agreement, employers and employees will be able to agree to modify existing employer PPL provisions in the light of the introduction of the new Government PPL scheme. The Government’s PPL scheme does not provide employees with additional unpaid leave from their employer or result in additional accrual of employer-provided leave entitlements.

Simone has been a nurse for seven years, earning around \$60,000 a year. Her partner, Craig, has been a labourer for nine years, earning about \$30,000 a year. Simone and Craig have their first baby, Isaac, on 1 August.

Simone takes four weeks recreation leave prior to the birth. She also is entitled to six weeks paid maternity leave from her employer and she takes this from the date of birth. Simone is eligible for PPL and decides to take her 18 weeks of PPL after her paid maternity leave is finished, starting six weeks after the birth.

At 15 weeks after the birth, Simone has the opportunity to accept a promotion to a nursing position with an annual salary of \$70,000. Craig and Simone decide it would be better if Craig took unpaid leave to care for Isaac and Simone returns to full-time work. Simone has received nine weeks of PPL at this stage.

Craig is eligible for PPL and Simone is able to transfer her unused PPL to him. He receives the remaining nine weeks of PPL and uses unpaid leave to look after Isaac until he is one-year-old.

In the financial year of the birth of their son, Craig and Simone receive around \$1400 more in net family assistance and PPL, than they would have without PPL.

Generally calculated using 2008-09 rates.
See Appendix, Worked Example 3 for details

* The details of ‘keeping in touch’ provisions are to be finalised. The Productivity Commission recommended that an employee be allowed to work up to 10 days during the 18 week PPL period, where that work is aimed to strengthen the connection to their workplace and both the employer and employee consent to the work.

10. Implementation

The PPL scheme will be available to parents for births and adoptions that occur on or after 1 January 2011.

Parents will be able to lodge PPL claims from 1 October 2010, so employees can make leave and pay arrangements with their employers before they start leave prior to the expected birth or adoption from 1 January 2011.

Development and implementation of the scheme will begin immediately. Further consultation, in particular with business organisations, employers and unions, will occur during the second half of 2009.

It is expected that legislation for the scheme will be introduced to Parliament in 2010.

The information in this booklet outlines the Government's policy for a Paid Parental Leave scheme, noting that details will be finalised over the coming year as part of the consultation process. Full information for parents, employers and the community about how the scheme will operate, including guidelines for the program, will be available from July 2010.

11. Government changes to the Productivity Commission's scheme

The Government made two key changes to the scheme proposed by the Productivity Commission. These changes target support to people most in need and recognise the current economic environment.

The Government decided to defer introduction of the two-week paternity leave component proposed by the Productivity Commission. This reduced the cost to Government and employers of the scheme. The paternity leave component will be considered as part of the proposed review of the scheme.

The Government also decided the scheme should have an income test. Payments under the scheme will be limited to working mothers (and other primary carers) who had an income of \$150,000 or less in the previous financial year. This income level is consistent with the Government's decision in the 2008-09 Budget to target Family Tax Benefit Part B to those families whose primary earner had an income of \$150,000 per annum or less and to target the Baby Bonus to families with an income equivalent to \$150,000 per annum or less.

Income testing of PPL maintains fairness in the support the Government provides to families and recognises that high income women (and other primary carers) are in a strong position to obtain Paid Parental Leave and other family friendly benefits as part of their conditions of employment.

Jasmin and Luke have been employed full-time for over five years. They both received salaries of around \$50,000 a year before starting their family. On 1 January, Jasmin has twins.

Jasmin is eligible for PPL and receives taxable payments of \$543.78 per week for 18 weeks, a total of \$9788. These begin from her first full pay period after the birth. She is not eligible for the Baby Bonus for the first baby but is eligible for the Baby Bonus for the second baby.

Jasmin cares full-time for her children and does not return to work before 30 June.

In the financial year of the birth of the twins, the family will receive around \$2900 more in net family assistance and PPL, than they would have without PPL.

Generally calculated using 2008-09 rates.
See Appendix, Worked Example 4 for details.



12. Review and evaluation

The Government will undertake a comprehensive review of the scheme, starting two years after the scheme commences. It will take into account emerging evaluation findings, the views of stakeholders on the future development of the scheme and economic circumstances at that time. The review will consider:

- the introduction of compulsory employer-funded superannuation contributions for PPL recipients; and
- the introduction of a paternity leave component.

There also will be an evaluation of the scheme to determine how effective it is in achieving its objectives. Baseline data will be collected in 2010. In subsequent years, there will be surveys of parents and employers who have been involved in the scheme.

Both the evaluation and the review will be completed by the end of 2014. The Government will announce any changes to the scheme on the completion of its review.

13. Further information

This booklet provides outlines of the Australian Government's Paid Parental Leave Scheme. It contains all of the major decisions on that scheme that have been made by the Government. Copies of this booklet may be obtained from the Department of Families, Housing, Community Services and Indigenous Affairs website at:

<http://www.fahcsia.gov.au>

Further information on the new PPL scheme will be made progressively available on the FaHCSIA website from July 2009. This will include information on the consultations to occur in the second half of 2009 on the implementation of the scheme.

Parents should be aware that the scheme will not apply for children born or adopted before 1 January 2011. Parents will be able to obtain up- to-date information on the scheme by visiting the Family Assistance Office website at:

<http://www.familyassist.gov.au>

Parents can also contact the Family Assistance Office on 13 6150 between 8.00 am and 8.00 pm (local time) Monday to Friday.

People who are deaf, or have a hearing or speech impediment should call TTY Service Freecall™ 1800 810 586.

Appendix: Worked examples of benefits to families from Paid Parental Leave

This Appendix contains examples of how the PPL scheme will work. It generally uses 2008-09 rates (see Notes on calculations below). These are not the rates that will apply when the scheme commences.

WORKED EXAMPLE 1: Eligibility for PPL for working couple

Emily and Theo have been working for several years prior to the birth of their first child, Olivia, on 5 August. Emily and Theo earned \$52,000 a year each prior to the birth of their baby.

Family Income Information

	Usual annual salary	Annual salary in the financial year of the birth
Emily	\$52,000	\$4,986
Theo	\$52,000	\$52,000
<i>Total family income</i>	<i>\$104,000</i>	<i>\$56,986</i>

Emily is not eligible for paid maternity leave from her employer. She is eligible for PPL and receives taxable payments of \$543.78 per week for 18 weeks, a total of \$9788. These begin from her first full pay period after the birth.

Emily cares full-time for her daughter and does not return to work before 30 June.

In the financial year of Olivia's birth, Emily and Theo receive \$2335 more in net family assistance and PPL, than they would have without PPL.

Type of assistance	Current system without PPL	New system with PPL
Paid Parental Leave (taxable)*	\$0	\$9,788
Baby Bonus (non taxable)	\$5,000	\$0
Family Tax Benefit A	\$ 1,759	\$ 1,759
Family Tax Benefit B**	\$ 3,256	\$919
<i>Total assistance</i>	<i>\$10,015</i>	<i>\$12,466</i>
<i>less</i>		
Net tax paid on PPL	n.a.***	\$116
Total assistance (net of tax)	\$10,015	\$12,350

*PPL counts as income for determining eligibility for Family Tax Benefit

**Families are precluded from receiving FTB-B during the 18 week period of PPL.

*** not applicable

Notes on calculations:

Calculations are based on the Federal Minimum Wage as at May 2009; the 2008-09 payment rates for family assistance; the 2008-09 tax rates and thresholds, except for Medicare which is in 2007-08 terms (changes to Medicare thresholds are legislated each year).

Net tax includes income tax, tax offsets, tax rebates and the Medicare levy.

Calculations assume mothers obtain their usual wage until the birth unless otherwise stated and that none of the families are private renters.

WORKED EXAMPLE 2: Family not eligible for PPL

Hayley and Rob's second child is born on 1 February, around two years after their first child. Rob has an annual salary of \$60,000 and Hayley has not returned to work since the birth of their first child.

Family Income Information

	Usual annual salary	Annual salary in the financial year of the birth
Hayley	\$0	\$0
Rob	\$60,000	\$60,000
<i>Total family income</i>	<i>\$60,000</i>	<i>\$60,000</i>

Hayley is not eligible for PPL but will receive the Baby Bonus and other family assistance. Her family receives a total amount of \$12,213 in family assistance in the financial year of the birth of the new baby.

Type of assistance	Current system without PPL	New system with PPL
Paid Parental Leave (taxable)*	\$0	Not Applicable
Baby Bonus (non taxable)	\$5,000	
Family Tax Benefit A	\$3,519	
Family Tax Benefit B**	\$3,694	
<i>Total assistance</i>	\$12,213	
<i>less</i>		
Net tax paid on PPL	n.a.***	
Total assistance (net of tax)	\$12,213	

*PPL counts as income for determining eligibility for Family Tax Benefit

**Families are precluded from receiving FTB-B during the 18 week period of PPL.

*** not applicable

Notes on calculations:

Calculations are based on the Federal Minimum Wage as at May 2009; the 2008-09 payment rates for family assistance; the 2008-09 tax rates and thresholds, except for Medicare which is in 2007-08 terms (changes to Medicare thresholds are legislated each year).

Net tax includes income tax, tax offsets, tax rebates and the Medicare levy.

Calculations assume mothers obtain their usual wage until the birth unless otherwise stated and that none of the families are private renters.

WORKED EXAMPLE 3: Parents sharing receipt of PPL

Simone has been a nurse for seven years, earning around \$60,000 a year. Her partner, Craig, has been a labourer for nine years, earning about \$30,000 a year. Simone and Craig have their first baby, Isaac, on 1 August. Simone takes four weeks recreation leave prior to the birth. She is also entitled to six weeks paid maternity leave from her employer and she takes this from the date of birth.

Family Income Information

	Usual annual salary	Annual salary in the financial year of the birth
Simone	\$60,000	\$55,808
Craig	\$30,000	\$10,932
<i>Total family income</i>	<i>\$90,000</i>	<i>\$66,740</i>

Simone is eligible for PPL and decides to take her 18 weeks of PPL after her paid maternity leave is finished, starting six weeks after the birth.

At 15 weeks after the birth, Simone has the opportunity to accept a promotion to a nursing position with an annual salary of \$70,000. Craig and Simone decide it would be better if Craig took unpaid leave to care for Isaac and Simone returns to full-time work. Simone has received nine weeks of PPL at this stage. Craig is eligible for PPL and Simone is able to transfer her unused PPL to him. He receives the remaining nine weeks of PPL and uses unpaid leave to look after Isaac until he is one-year-old.

In the financial year of the birth of their son, Craig and Simone receive \$1414 more in net family assistance and PPL, than they would have without PPL.

Type of assistance	Current system without PPL	New system with PPL
Paid Parental Leave (taxable)*	\$0	\$9,788
Baby Bonus (non taxable)	\$5,000	\$0
Family Tax Benefit A	\$1,780	\$1,780
Family Tax Benefit B**	\$2,208	\$817
<i>Total assistance</i>	<i>\$8,988</i>	<i>\$12,385</i>
<i>less</i>		
Net tax paid on PPL	n.a.***	\$1,983
Total assistance (net of tax)	\$8,988	\$10,402

*PPL counts as income for determining eligibility for Family Tax Benefit

**Families are precluded from receiving FTB-B during the 18 week period of PPL.

*** not applicable

Notes on calculations:

Calculations are based on the Federal Minimum Wage as at May 2009; the 2008-09 payment rates for family assistance; the 2008-09 tax rates and thresholds, except for Medicare which is in 2007-08 terms (changes to Medicare thresholds are legislated each year).

Net tax includes income tax, tax offsets, tax rebates and the Medicare levy.

Calculations assume mothers obtain their usual wage until the birth unless otherwise stated and that none of the families are private renters.

WORKED EXAMPLE 4: Eligibility for PPL and Baby Bonus for twins

Jasmin and Luke have been employed full-time for over five years. They both received salaries of around \$50,000 a year before starting their family. On 1 January, Jasmin has twins.

Family Income Information

	Usual annual salary	Annual salary in the financial year of the birth
Jasmin	\$50,000	\$25,000
Luke	\$50,000	\$50,000
<i>Total family income</i>	\$100,000	\$75,000

Jasmin is eligible for PPL and receives taxable payments of \$543.78 per week for 18 weeks, a total of \$9788. This begins from her first full pay period after the birth. She is not eligible for the Baby Bonus for the first baby but is eligible for the Baby Bonus for the second baby.

Jasmin cares full-time for her children and does not return to work before 30 June.

In the financial year of the birth of the twins, the family receive \$2863 more in net family assistance and PPL, than they would have without PPL.

Type of assistance	Current system without PPL	New system with PPL
Paid Parental Leave (taxable)*	\$0	\$9,788
Baby Bonus (non taxable)	\$10,000	\$5,000
Family Tax Benefit A	\$1,929	\$1,929
Family Tax Benefit B**	\$0	\$0
<i>Total assistance</i>	\$11,929	\$16,717
<i>less</i>		
Net tax paid on PPL	n.a.***	\$1,925
Total assistance (net of tax)	\$11,929	\$14,792

*PPL counts as income for determining eligibility for Family Tax Benefit

**Families are precluded from receiving FTB-B during the 18 week period of PPL.

*** not applicable

Notes on calculations:

Calculations are based on the Federal Minimum Wage as at May 2009; the 2008-09 payment rates for family assistance; the 2008-09 tax rates and thresholds, except for Medicare which is in 2007-08 terms (changes to Medicare thresholds are legislated each year).

Net tax includes income tax, tax offsets, tax rebates and the Medicare levy.

Calculations assume mothers obtain their usual wage until the birth unless otherwise stated and that none of the families are private renters.