

Developing a Leading Practice Parental Leave Policy

A guide for employers

February 2022



This guide is intended to help employers to develop and implement a parental leave policy for their organisation.

Summary

Modern parental leave policies complement inclusive, family-friendly workplace practices and promote a more sustainable work-life balance for both women and men. A leading practice policy can guide leaders in supporting their employees to balance their career with family transitions.

For many employees, combining work with caring responsibilities is a part of everyday life. In 2018, families with two working parents are now more common than the more traditional family structure where only one parent participates in paid employment.* Despite the changing structure of family life, women are still far more likely to identify as the 'primary carer' of a child.¹ When employers encourage men to engage in the care of children, they help counter the disproportionate amount of responsibility that women currently shoulder.²

The [Paid Parental Leave Act](#) (2010) introduced a paid parental leave (PPL) scheme in Australia on 1 January 2011. The legislation adopted a gender-neutral approach to the designation of the primary and secondary carer roles. However, underutilisation by men indicates that attitudes and workplace culture have not substantially shifted to reflect the legislative changes.³ Male parents in heterosexual relationships are far more likely to identify as a secondary carer and take a much shorter period away from work.⁴ This reinforces the gendered stereotype that women are the natural primary carers of young children.

There is research that suggests when parents take long periods of leave to care for children, sharing care work between women and men is normalised within wider society.⁵ Changing attitudes about the distribution of work at home and in the workplace is a key driver for achieving gender equality.⁶

Parental leave in Australia

There are two types of paid parental leave in Australia:

- employer-funded leave and
- the Australian Government administered PPL scheme.

The Australian Government's PPL scheme is designed to complement existing workplace entitlements including access to unpaid parental leave under the National Employment Standards (NES) for eligible employees. This guide only focuses on developing an employer-funded parental leave policy. Information on the Australian Government's PPL scheme can be found on the [Department of Human Services website](#). Information on the provisions of the NES can be found on the [Fair Work Ombudsman's website](#).

It is recommended that employers familiarise themselves with the minimum legislative requirements regarding parental leave. This includes considering the interaction between the relevant legislation and arrangements applying to their employees (such as an enterprise agreement, contract of employment and/or workplace policy).

Please note that federal, state and territory anti-discrimination laws make it unlawful for an employer to discriminate against an employee on various grounds including sex, pregnancy, breastfeeding and family responsibilities. It is also unlawful for an employer to take adverse action against an employee for reasons related to their pregnancy or their entitlement to parental leave. For further information, visit the website of the [Australian Human Rights Commission](#), the [Fair Work Ombudsman](#) or the relevant anti-discrimination/equal opportunity body in a particular state or territory.

* The evolution of the Australian family's engagement with the workforce over the years can be mapped via the [Australian Bureau of Statistics website](#): Cat. 6224.0.55.001

In 2016–17, approximately 582,300 women over the age of 15 were the birth mother of a child under the age of two. Of these women, 73% had held a job at some stage during their pregnancy and 42% with a child under two had already returned to work at the time of the survey.

ABS 2017, Pregnancy and Employment Transitions, viewed 10 July 2018, available:
< <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4913.0Main+Features1Nov%202017?OpenDocument>>

Employer-funded paid parental leave

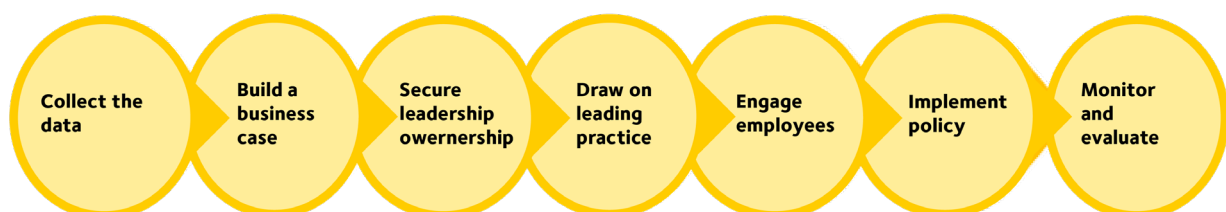
The amount of employer-funded paid parental leave varies between employers. Based on the Workplace Gender Equality Agency’s (WGEA) 2020-21 dataset, the average length of paid primary carer’s leave offered is 10.8 weeks and for paid secondary carer’s leave it is 2.3 weeks.

For guidance on leading practice, the current requirement under the Workplace Gender Equality Agency’s (WGEA) Employer of Choice for Gender Equality (EOCGE) citation is for permanent employees to be provided with a minimum of eight weeks of paid parental leave at full pay for primary carers and a minimum of three weeks for secondary carers. This also applies to partners in partnership structures. Both women and men must be given the opportunity to identify as the primary carer. To satisfy EOCGE requirements, these measures must be in addition to the Federal Government’s PPL scheme and cannot just be a “top-up” of the Government PPL payments.

Additional ways that employers can support employees include:

- in addition to providing employer-funded paid parental leave at an employee's full-pay, top-up the government PPL payments
- have no eligibility period to access employer-funded PPL (i.e. employees have access to this leave upon commencement of employment)
- promote the option to return from parental leave on a reduced-hours basis
- promote the opportunity for parents returning to work to request flexible working arrangements
- continue superannuation contributions during paid and unpaid parental leave.

Steps to implement a leading-practice parental leave policy



1. Collect the data

For employers that are developing a parental leave policy, it is critical to collect the relevant data to make an informed assessment of the situation within the organisation. Analysis of the data will support a strong business case and help to inform a policy that is relevant to each employer's workforce.

There is no single methodology for data collection and each employer will have unique data sources. To build a strong business case and help inform policy design, it is useful to collect the following information:

- the estimated cost of staff turnover within the organisation
- the number of past or present leave requests associated with the birth or adoption of a child (this might be unpaid leave if paid parental leave is not yet offered) for both women and men
- the average amount of time employees take off from work for parental leave purposes
- data on retention rates of employees returning to work after parental leave
- data on employees who did not return to work after taking paid or unpaid parental leave, data on those who exited within 12 months after returning from parental leave.

2. Build a business case

Having an attractive paid parental leave policy can provide employers with a competitive edge in the labour market when it comes to attracting and retaining talent. According to data from the Australian Bureau of Statistics (ABS), fewer women are now resigning from their job after giving birth. Currently 77% of mothers return to the same job they left when they went on parental leave. This has increased from 71% in 2011.⁷

The Australian economy loses approximately \$3.83 billion in productivity and \$385 million in avoidable recruitment costs each year.⁸ At an industry level, the average cost of turnover in the nursing profession is estimated to be \$49,255 per full-time employee due to direct and indirect costs associated with staff turnover.⁹ These considerable costs mean that [retaining staff is important for all businesses, big and small.](#)

While there may be initial set-up and administrative challenges in creating or improving PPL policies, the positive impact on employees and employers can make this a very worthwhile investment.

Other benefits may include:

- increased diversification of workforce composition by increasing the number of employees (particularly women) who return to work after parental leave¹⁰
- opportunities for employees to 'step up' while their co-workers are on parental leave¹¹
- retention of parents whose depth of experience can bring new and relevant 'soft' skills to the workplace such as time management and enhanced organisational skills¹²
- maintenance of institutional memory, industry knowledge, networks and contacts due to improved retention rates
- increased employee loyalty, job satisfaction and productivity
- reduction in the likelihood of stigma and discrimination experienced by parents at work due to the balancing of work and care¹³
- paid parental leave is a core requirement of WGEA's Employer of Choice for Gender Equality (EOCGE) citation program. The EOCGE citation is a leading practice recognition program that aims to encourage, recognise and promote active commitment to achieving gender equality in Australian workplaces.

WGEA's data collected from non-public sector employers with 100 or more employees revealed that in the 2020-21 period:

- Approximately 12% of all employees who took primary carer's leave were men
- Within managers, men account for 20% of all primary carer's leave taken.

Employers that report to the WGEA can benchmark their gender equality performance over time and against their competitors using the WGEA Data Explorer.

3. Secure leadership commitment and ownership

Leadership commitment to gender equality and the implementation of any associated policies is crucial to success.¹⁴ For this reason, it is important to employ a strategic approach to gain leadership commitment.

To do so:

- present leaders with a fully-developed business case that outlines the benefits for the business. Include any return on investment such as cost savings and added shareholder value
- ensure that the proposal aligns with the core business strategy
- prepare approximate resourcing costs in terms of money, human resources and time
- outline any associated risks and appropriate mitigation for these risks.

Leaders can demonstrate ownership by promoting the policy to internal and external stakeholders. Male use of parental leave is significantly lower than female use, so it is most important that male leaders act as role models by using their leave entitlements.¹⁵

4. Draw on leading practice to build the policy

Leading practice employers with parental leave policies complement paid leave with other non-leave based measures to support employees with caring responsibilities. The leading practice examples outlined in this document align with EOCGE criteria. The examples and other suggestions are intended to guide employers during the process of developing their own gender-balanced parental leave policy.

Note: The capacity of small and medium businesses to implement leading practice in this area is likely to be different to larger employers.

Before parental leave

It is important for employers to ensure they have designed and implemented a PPL policy that works for their employees from the very beginning of the policy development process. A detailed policy will help employees to make informed decisions when it comes to managing their work and life.

Leading Practice Examples	Further detail
<p>Leading practice employers ensure their parental leave policy is in an easy-to-access and digestible format.</p>	
<p>Leading practice employers offer permanent employees who are primary carers at least eight weeks of paid parental leave at full pay. Superannuation contributions are also paid on the employer’s paid parental leave scheme, and some employers are also paying superannuation on the government-funded scheme.</p> <p><i>Note: from 2022-24 EOCGE applications, if employer-funded PPL is for a period less than the government’s scheme (i.e. less than 18 weeks), superannuation must also be paid on the difference between the two (paid at the minimum wage).</i></p>	<ul style="list-style-type: none"> • There is no eligibility period to access employer-funded paid parental leave • This must be paid in addition to the government scheme and does not include topping up • This must be available under any circumstances where this is a new baby including adoption, for same-sex couples and surrogacy • There must be no requirement for employees to repay any portion if they do not return to work • This must be offered to both women and men • Employers should be flexible about the provision of these conditions. For example, employees should be given the option to take leave at a part-time rate.
<p>Leading practice employers offer permanent employees who are secondary carers at least three weeks of paid parental leave at full pay.</p>	<ul style="list-style-type: none"> • This must be paid in addition to the government scheme and is not just topping up that scheme’s payments • This must be available under any circumstances where there is a new baby, including adoption, for same-sex couples and surrogacy • There must be no requirement for employees to repay any portion if they do not return to work • This must be offered to both women and men • Employers should be flexible about the provision of this leave. For example, employees should be given the option to take leave at a part-time rate.
<p>Leading practice employers do not require employees to return from parental leave to access any component of the employer-funded parental leave payment.</p>	<ul style="list-style-type: none"> • Workers who elect not to return to work from parental leave must not be required to pay back any portion of their PPL amount.
<p>Leading practice employers encourage men to take parental leave.</p>	<ul style="list-style-type: none"> • Some examples would include: profiling men who take parental leave in internal or external publications or on the intranet or organisation’s website; overtly communicating that parental leave is also for men and having managers talk to male employees and encouraging them to take this leave.

Further suggestions:

- provide a document that clearly outlines the steps employees and their managers will need to take to prepare for parental leave
- provide access to career transition coaching for both employees and their managers. Ensure that managers are trained and prepared for any changes in role structure, or flexible working arrangements
- provide employees with information and support to help them manage their pregnancy, or that of their partner, while working
- seek to help employees to be aware of their entitlements under the *Paid Parental Leave Act 2010 (Cth)* and the *Fair Work Act 2009 (Cth)* as well as employer-provided entitlements.

It is suggested that managers consult with employees and document the following:

- a plan for regular communication whilst the employee is on parental leave, which takes into account the employee's preferences about contact during parental leave
- employee expectations about their transition back to work
- a return to work plan that outlines how the arrangements will be implemented and what success will look like
- employee's performance and career goals before the commencement of parental leave.

During parental leave

Helping employees to stay connected to work while on leave can be a good way of ensuring that their confidence is not eroded while they are on leave. It can also help to prevent employees from feeling disconnected or isolated from the workplace and any changes that occur in their absence.

Note: Employers should ask employees in advance about their preferences for being contacted while on parental leave.

Leading Practice Examples	Further detail
Leading practice employers have a keep-in-touch program or process in place for workers on paid and unpaid parental leave.	
Leading practice employers consider workers on parental leave (paid and unpaid) for promotion.	<ul style="list-style-type: none">• Women and men on carer's leave must be included in any annual salary reviews and bonus schemes.

Further suggestions:

- create a digital space for employees to connect with other parents in the organisation and share experiences, should they wish to do so
- communicate and consult with employees on parental leave during workplace change processes, such as team restructure, or a pay review process
- ensure that parents on leave are offered the opportunity to apply for internal promotions and other job opportunities.

After parental leave

Employees returning to work after parental leave may need extra time and support to adjust to their new responsibilities. There are steps that employers can take during this period to support employees and help increase staff retention.

Leading Practice Examples

Additional support mechanisms

Leading practice employers provide support mechanisms, other than leave, for those with family or caring responsibilities.

These may include:

- employer-subsidised childcare
- on-site childcare
- breastfeeding facilities
- childcare referral services
- internal support networks for parents
- a return-to-work bonus
- information packs to support new parents
- referral services to support workers with family and/or caring responsibilities
- targeted communication mechanisms, for example intranet/forums etc.
- support in securing school holiday care
- coaching for employees returning to work from parental leave
- parenting workshops targeting mothers
- parenting workshops targeting fathers.

Further suggestions:

- review the employee's flexible work arrangements and adjust them as required to ensure that the arrangement is effective for them and their team
- offer a return to work support program, for example, support in updating skills or retraining.

5. Engage and consult employees

Once ownership by leaders is established, it is important to engage all employees. Consider the platforms that can be used for communication. Consulting with employees and their representatives to understand their needs is encouraged. It is advisable to provide all relevant stakeholders (including employees and their representatives) with a draft for feedback before the policy document is finalised. The finalised policy should be realistic and actionable as well as tailored to the organisation's business needs. Keep measurable indicators in mind for monitoring purposes as the policy is developed.

6. Finalise and implement a policy

Policy documents need to be concise and written in understandable language so spend time getting it right.

Other steps to take include:

- ensure that support mechanisms are in place in advance of the policy implementation date. For example, ensure relevant staff have received training in managing flexible working arrangements
- make sure the policy document is available on the organisation's intranet
- incorporate the policy into training for all new employees
- make sure that any actions in the policy are resourced and ready to go. For example, the keep in touch program has been planned and budgeted for and all related procedures have been documented
- maintain consistency
- promote the parental leave policy to all current and future employees.

7. Monitor and evaluate

It can take some time for policy to take effect, especially where cultural and attitudinal change is needed. Ongoing monitoring is crucial to the success of the policy in practice.

Employers should consider monitoring the following:

- the number of female and male managers and non-managers utilising parental leave
- the number of women and men returning from parental leave
- the number of women and men promoted during parental leave
- the promotion rate of pregnant employees
- the promotion rate of employees working flexibly (including part-time) on return from parental leave
- the number of women and men leaving the organisation (including dismissals and redundancies) during parental leave
- the number of women and men leaving the organisation (including dismissals and redundancies) in the following circumstances:
 - within one year after returning from parental leave
 - one to two years after returning from parental leave
 - who are working flexibly (including part-time) on return from parental leave
 - in the case of women, when pregnant.

Employers should seek to understand the reasons why women and men decide not to return from parental leave and evaluate whether these reasons are related to workplace practices.

Employers should also monitor the reasons why women and men who return from parental leave do not return to their original role and why they chose to take a different role after their return.

Monitoring and evaluating the efficacy of the policy is the crucial final step in the policy implementation process. Close monitoring and evaluation will guide employers in reviewing and adapting their policies to suit the shifting needs of their workforce over time.

The Agency would like to acknowledge and thank [Parents at Work](#) for their involvement in the development of this Employer Guide: Developing a Leading Practice Parental Leave Policy.

Endnotes

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