The ‘how to’ guide to parental leave

The 'how to' guide to parental leave
Employer-provided paid parental leave

The term paid parental leave is used to describe the various types of leave available to employees around the time of birth or adoption of a child. Paid parental leave includes:

- paid maternity leave
- paid adoption leave
- paid paternity (or partner) leave.

Paid maternity and adoption leave can be referred to as paid primary carer leave and paid paternity leave can be referred to as paid secondary carer leave, to demonstrate that the provisions are available to a carer of either gender.

Paid maternity or adoption leave comprises employer-provided paid leave to an employee in place of their regular salary or wages following the birth or adoption of a child, and is usually offered for a specified number of weeks. Employer-provided paid maternity and adoption leave is not currently a legislative requirement for private-sector employers in Australia. Paid maternity or adoption leave may be provided in the form of paid parental leave or primary-carer leave to make the provision available to primary carers of either gender.

Many employers also provide paid paternity (or secondary carer) leave, available to partners of women taking maternity leave on the birth or adoption of a child. This is most commonly offered for a shorter duration than paid maternity leave. Where organisations have a paid parental or primary-carer leave policy, partners are able to access the full duration of paid leave as is offered to women, if they are the primary carer.

Payment structure

Employer-provided paid maternity leave is usually offered as a series of payments in place of regular salary or wage payments. Some employers however, provide it in one or more lump sum payments, with the final payment sometimes linked to a minimum return-to-work period. Some employers also allow employees to take their entitlement at half-pay for double the duration of the policy thus reducing the tax component of the benefit, so the employee effectively receives a larger net payment.

Business benefits of providing employer-provided paid parental leave

Employers that provide paid parental leave provisions are signalling their commitment to their employees. This typically translates into increased job satisfaction, greater employee productivity and improved employee loyalty.

Leading practice organisations know the value to their business' bottom-line of an important retention strategy such as paid parental leave and regard it as core to a suite of flexible workplace practices.

Paid parental leave is increasingly seen by employers to benefit their organisation by:

- increasing the number of employees returning to work after parental leave
- reducing recruitment and training costs
- improving staff morale and productivity
- providing a cost-effective means of retaining skilled staff
- improving organisational efficiency through the benefits of long service, e.g. institutional memory, industry knowledge, networks and contacts.

Employer-provided paid parental leave as a staff retention strategy

A growing number of organisations are introducing paid parental leave as a cost-effective means of retaining valued staff.

A 2003 WGEA survey that specifically asked about retention rates after maternity leave, found that organisations with paid maternity leave had a higher average retention rate (67%) than organisations without paid maternity leave (56%).

Paid parental leave is one of a suite of initiatives that may assist employees to return to work after parental leave. Other initiatives include:

- a ‘keep in touch’ program for employees while on parental leave
- return to work assistance, for example updating skills or providing re-training or part-time work options
→ inclusion in workplace change processes while on leave, such as team restructure or a pay review process
→ extended unpaid parental leave
→ a childcare subsidy or assistance with finding childcare.

**Paid parental leave as a health and well-being policy**
The health and wellbeing of new mothers and babies is one of the reasons many employers are choosing to provide paid maternity leave. It enables women to spend the first weeks of a child’s life recovering from the birth and nurturing the baby. For this reason, the International Labour Organisation has recommended 14 weeks leave and the World Health Organization has recommended 16 weeks leave.

Paid adoption leave also provides benefits to adoptive parents, by allowing the new parents and adoptive child time to develop a relationship and adapt to a new environment.

Further information about the advantages of parental leave and best practice can be found in the Best Practice Guide, Parental leave on the Fair Work Ombudsman website.

**Employer-provided paid maternity leave in WGEA Reporting Organisations 2010**
In 2009, the WGEA survey data revealed 54.9% of WGEA reporting organisations surveyed provided paid maternity leave to their employees. This represented an increase of 19.3% in the provision of paid maternity leave in reporting organisations since 2003 (from 35.6%). However, while over 50% of WGEA reporting organisations now provide paid maternity leave, not all women in these organisations will be eligible to access this provision. Further details and current practices are provided in Attachment A.

**Employer-provided unpaid parental leave under the Fair Work Act**
The National Employment Standards in the Fair Work Act 2009 provide each eligible parent with an entitlement to 12 months unpaid parental leave, with the option of extending that time by a further 12 months if their employer agrees. A family cannot exceed a total of 24 months between the two parents. Parents can take three weeks of their unpaid parental leave at the same time, starting immediately after the birth or by agreement with their employers, within the period up to six weeks after birth. For birth mothers, the period of leave can commence up to six weeks before birth.

Eligible employees are those with 12 months or more continuous service, including long-term casual employees employed on a regular and systematic basis and with an expectation of ongoing employment.

After taking unpaid parental leave employees are entitled to return to the position they were in immediately before taking leave. If that position no longer exists, the employer must offer the employee a suitable position for which the employee is qualified and that is nearest in pay and status to their original position.

Eligible employees are also able to request flexible working arrangements on their return to work. This could include returning to work on a part-time basis or with different start and finish times. These requests need to be made by the employee in writing to the employer and the employer can only refuse the request on reasonable business grounds.

You can find further information on the National Employment Standards on the Fair Work Australia website.

**Protections against discrimination**
Anti-discrimination laws make it unlawful for an employer to terminate an employee’s employment because the employee has responsibilities to care for a child.
The Australian Government’s Paid Parental Leave scheme

Australia’s first national Paid Parental Leave (PPL) scheme came into effect on 1 January 2011 and provides eligible working parents with 18 weeks of Parental Leave Pay at the rate of the National Minimum Wage.

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

→ be the primary carer of a newborn or recently adopted child
→ be an Australian resident
→ have met the Paid Parental Leave work test before the birth or adoption occurs
→ have received an individual adjusted taxable income of $150,000 or less in the financial year prior to the date of birth/adoption or date of claim, whichever is earlier
→ be on leave or not working from the time they become the child’s primary carer until the end of their Paid Parental Leave period.

To meet the Paid Parental Leave work test a person must have:

→ worked for at least 10 of the 13 months prior to the birth or adoption of their child
→ worked for at least 330 hours in that 10 month period (just over one day a week), with no more than an eight week gap between two consecutive working days.

The Paid Parental Leave scheme will help employers:

→ retain valuable and skilled staff by encouraging them to stay connected with the workforce when they become parents
→ enhance existing family-friendly workplace conditions without having to fund Parental Leave Pay themselves
→ in the longer term through the increased workforce participation of parents.

An employer will provide Government-funded Parental Leave Pay to their eligible employee who:

→ has a child born or adopted from 1 July 2011
→ has worked in their business for at least 12 months prior to the expected date of birth or adoption
→ will be an employee for their Paid Parental Leave period
→ is an Australian-based employee
→ is expected to receive at least eight weeks of Parental Leave Pay.

If an employee does not meet the above criteria, the employer can still choose to provide Parental Leave Pay to the employee, if the employee agrees.

An employee who does not receive Parental Leave Pay from their employer will receive it from the Family Assistance Office.

The Paid Parental Leave period is the period during which an employee is eligible to receive Parental Leave Pay. The employee will nominate the start date of their Paid Parental Leave period. The Paid Parental Leave period can start from the date of birth or adoption, or a later date, and all the Parental Leave Pay must be taken within 52 weeks of the birth or adoption.

Attachment B ‘Unpaid parental leave, the Government’s Paid Parental Leave scheme and employer-provided paid parental leave at a glance’ provides a quick reference guide to assist employers.

Interaction of the Australian Government’s Paid Parental Leave scheme and existing workplace entitlements

The Government’s Paid Parental Leave scheme provides Parental Leave Pay but does not give employees an entitlement to leave. The Paid Parental Leave scheme is designed to complement existing workplace entitlements including access to unpaid parental leave under the National Employment Standards for long-term employees. The Government’s scheme does not change any existing leave entitlements. Parental Leave Pay is in addition to employer-provided leave entitlements and can be taken before, after or at the same time as paid or unpaid parental leave, and other employer-provided paid leave such as annual or long service leave.
Importantly for employers, the Paid Parental Leave Act requires that they provide Parental Leave Pay “in addition to any other obligation they have to their employees”. This means that employers will be prohibited from using the Government scheme to offset paid parental leave benefits that they are required to provide employees under industrial instruments or other laws.
Attachment A
Paid maternity leave in WGEA Reporting Organisations 2010

The 2009 WGEA data survey revealed 54.9% of WGEA reporting organisations that were surveyed provided paid maternity leave to their employees. Figure 1 shows the trend data since 2002–03.

Figure 1: Provision of paid maternity leave in WGEA reporting organisations trend data

Conditions and eligibility periods vary considerably in terms of the type of leave provided, the length of leave allowed, and the status of the employee. Of the surveyed organisations reporting to WGEA and providing paid maternity leave, only 21.2% provide paid maternity leave to casual employees.

In WGEA reporting organisations where all employees (excluding casuals) receive the same maternity leave entitlements (80.5%), the average duration is 9.7 weeks, down slightly from 9.9 weeks in 2009. Eighteen weeks is the maximum amount of paid leave to be provided in the Government’s Paid Parental Leave scheme and fourteen weeks is the recommended minimum by the International Labour Organisation.
In the WGEA reporting organisations that were surveyed, the industry sectors with the highest provision of paid maternity leave were Electricity, Gas, Waste and Water Services (93.5%), Education and Training (88.8%), Public Administration & Safety (77.8%), Financial & Insurance Services (77.3%), and Healthcare & Social Assistance (76.6%). The high incidence of paid maternity leave in Electricity, Gas, Waste and Water Services and Public Administration & Safety may be the consequence of the small sample group in these industry sectors. Accommodation and Food Services and Retail Trade are female-dominated industries and are both highly casualised, which may explain the low incidence of employer-provided paid maternity leave.
Current practices in WGEA Reporting Organisations

Westpac
Westpac provides employees with the flexibility to decide on the work and family conditions that suit them and their families. Westpac’s scheme runs in addition to the Government’s Paid Parental Leave scheme and pays employees superannuation when taking unpaid parental leave. Westpac’s changes to parental leave mean that employees who take unpaid parental leave will now receive full superannuation payments, for up to 39 weeks. This is in addition to the 13 weeks paid parental leave, with full superannuation payments, that employees are entitled to under Westpac Group’s existing parental leave scheme. This means employee superannuation contributions will now be paid for the full year of their parental leave.

Edith Cowan University
Eligible staff members are entitled to access 24 weeks leave at full pay or 48 weeks at half pay to allow an employee to take time out from work to look after themselves and their new baby. Employees are also entitled to access up to one week’s leave prior to commencing maternity leave to attend prenatal appointments in work time, and utilise a graduated return to work program at the conclusion of their maternity leave. These parental leave guidelines have been in place since 2006. Return rates have been consistently improving each year.

Swinburne University of Technology
Swinburne University provides academic and general staff with 14 weeks paid maternity leave and 38 weeks at 0.6 of salary up to 52 weeks in duration, and TAFE staff with 14 weeks full pay, after 12 months service.

HSBC
HSBC recognises the importance of family friendly working conditions and offers a range of initiatives to support their men and women before and after the birth of a child. HSBC offers 12 weeks paid maternity leave and up to an additional 40 weeks of unpaid maternity leave for the primary carer as well as a week of paid leave for the secondary carer. This period of unpaid parental leave can be extended for an additional period of up to 12 months on application by the employee. Upon returning to work, employees can access flexible working options such as working 80% of the time for 80% of the pay, a 9 day fortnight or choosing to only work during school time. HSBC also provides access to breastfeeding and nappy changing facilities in the office as well as a childcare centre.

Alcoa
Alcoa offers 13 weeks paid maternity leave and 1 week paid paternity leave, as part of up to 24 months leave from work after having or adopting a child.

Australian Catholic University
In February 2011 Australian Catholic University (ACU) employees voted up a new enterprise agreement that will enable male and female employees who are primary carers of newborn or adopted children to take 40 weeks leave paid at 60% of their ordinary wage provided they have worked for the ACU for at least two years. Mothers will continue to be able to access a further 12 weeks maternity leave on full pay. Those with between 52 weeks and two years’ experience are entitled to 12 weeks paid maternity leave only, while those with less than a years’ service will receive one week of paid maternity leave for each month of service. Non-primary carers are also entitled to three weeks paid parental leave at full pay.

ANZ
ANZ provides a paid parental leave scheme of 12 weeks at full pay with no qualifying period. In October 2010 ANZ announced it would pay 9% superannuation during both the Government-funded 18 week Paid Parental Leave scheme and ANZ’s own paid parental leave scheme. ANZ also announced that it would provide a $4,000 childcare allowance, inclusive of super and tax, to eligible primary caregivers on their return to work.

These entitlements complement ANZ’s existing work and family provisions that include flexible working arrangements such as flexible hours, part-time work and job sharing, and breaks from work including lifestyle leave.
Quotes from employers on the business benefits of paid parental leave

"While this is a substantial investment in our people, we have done sufficient cost-analysis to know that we reap the dividends in terms of employee productivity, job satisfaction and retention".

Helen Ormond
Head of Organisational Capability, National Australia Bank

"Westpac will pay superannuation to employees taking unpaid parental leave for one year in the first big corporate parental leave reforms announced since the Government passed its parental leave scheme that will provide 18 weeks of payments at the minimum wage.

"The Government has urged employers to provide their own schemes on top of the payments. Westpac's decision to add a further 39 weeks of super on top of its 13 weeks of super contributions and full pay, will come alongside the Government scheme.

"This initiative is another step Westpac has taken to create a work environment where we support diversity, in this case particularly for our women employees."

"By proactively paying these additional superannuation contributions, we will help make a difference to our employees' retirement savings and continue to retain the very best talent in this organisation. Ensuring all Australian women and men are financially prepared for retirement is one of the most important challenges facing our community."

Gail Kelly
Chief Executive Officer, Westpac Banking Corporation

"Peoplebank has instituted Parental Leave Allowance provisions that, we believe, set a benchmark for the recruitment industry.

"Qualifying staff will be eligible for up to 30 weeks maternity leave – including 12 weeks' salary (at full pay), combined with the 18 weeks' pay (at the National Minimum Wage of a gross $570/week). Paternity leave provisions include 2 weeks paid paternity leave.

"We’ve also established support programs to help new mums transition in and out of the workplace.

"Why? To begin with, the research is pretty clear.

"Numerous studies link increased female representation at senior management/board level with corporate performance. For example, Fortune 500 companies with three or more women Board Directors outperformed those with the least female board representation by: 42% (when comparing return on sales); 53% (when comparing return on equity) and 66% (when comparing return on investment capital) (Corporate performance and women’s representation on boards, Catalyst 2007).

"Similar results have been documented by organisations including McKinsey & Co.

"Closer to home, some 67% of Australian Institute of Management members count family commitments as the largest single contributor to women’s under-representation in senior management (Retaining Women in the Workforce, AIM Survey March 2011); “So investing in our female employees is, at the very least, a strategic investment in Peoplebank’s future.

"More importantly, my vision for Peoplebank is that our growth will be based on the kind of performance that arises from being committed to and passionate about our work. And so it’s important to me personally, and to the company as a whole, that staff feel valued, engaged and supported throughout their career with us. Especially during major life changes that come about when you welcome a new baby to the world.

"I am hoping the new Parental Leave Allowance, combined with our approach to providing flexible hours where we can, is another step towards our goal of being one of the best places to work in Australia. Look forward to you coming with us!"

Peter Acheson
Chief Executive Officer, Peoplebank
## Attachment B
Unpaid parental leave, the Government-funded Paid Parental Leave scheme and employer-provided paid parental leave schemes at a glance

<table>
<thead>
<tr>
<th>Unpaid parental leave under the National Employment Standards</th>
<th>Government-funded Paid Parental Leave scheme</th>
<th>Employer-provided paid parental leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>→ Provides each eligible parent with up to 12 months unpaid parental leave and a right to request an additional 12 months.</td>
<td>→ Does not provide leave, but complements unpaid leave under the National Employment Standards and employer-provided leave entitlements.</td>
<td>→ Can be provided for under an industrial instrument, a law, or a company policy.</td>
</tr>
<tr>
<td>→ A family cannot exceed a total of 24 months unpaid parental leave between the two parents.</td>
<td>→ For eligible employees who meet the work, income, residency and primary carer tests.</td>
<td>→ If provided under an industrial instrument or law, cannot be withdrawn for the life of that instrument or law.</td>
</tr>
<tr>
<td>→ For employees with 12 months or more service prior to birth/adoption.</td>
<td>→ Provides up to 18 weeks at the rate of the National Minimum Wage – must be paid in accordance with the employee’s usual pay cycle over the Paid Parental Leave period.</td>
<td>→ Payable in addition to Government-funded Paid Parental Leave.</td>
</tr>
<tr>
<td>→ Can start up to 6 weeks before birth and no later than birth.</td>
<td>→ Will be paid by employer on receipt of Government funds to eligible long-term employees, and other employees on a voluntary basis.</td>
<td>→ Can be paid as a top-up to Government-funded Paid Parental Leave if new or not in breach of a current industrial instrument or law.</td>
</tr>
<tr>
<td>→ Must be taken in one continuous period.</td>
<td>→ Parents can nominate the start date from the date of birth or a later date and must all be taken within 12 months of birth/adoption.</td>
<td>→ Can be paid as a return to work bonus.</td>
</tr>
<tr>
<td>→ After taking unpaid parental leave, eligible employees are entitled to return to the position they were in immediately before taking leave or if this position no longer exists, an available position which is nearest in status and pay.</td>
<td>→ The employee must be on leave or not working from the time they become the primary carer until end of their Paid Parental Leave period.</td>
<td>→ Employer can determine when it can be taken, e.g. from six weeks before birth, from birth or on return to work.</td>
</tr>
</tbody>
</table>
Attachment C
Current examples of the Government’s Paid Parental Leave scheme’s interactions with employer-provided schemes

Return to work bonus
Company A employs 10 staff members and has not previously provided paid parental leave entitlements, but recognises the importance of fostering a family-friendly workplace and are keen to retain their skilled and valuable staff.

With the introduction of the Government’s Paid Parental Leave scheme, Company A recognises that providing Government-funded Parental Leave Pay to their eligible employees who are on unpaid parental leave, helps them maintain a connection with those employees. Company A has decided to further benefit from this connection by providing a return to work bonus (as a lump sum payment) to employees one month after they resume work following their parental leave period.

Providing a return to work bonus offers an extra incentive for employees to return to their employer following a period of parental leave. By encouraging employees to stay connected to the workplace and return to work, the firm expects to continue to get a return on the investment it has made in staff training and experience, and to offer a family-friendly workplace that is attractive to women looking to enhance their careers and have a family.

Top up for 12 weeks
In 2009, as a first step towards providing employees with employer-provided paid parental leave, Company B, a medium size business, decided to offer all eligible employees four weeks paid maternity or adoption leave at the rate of their usual salary. Company B was very pleased that this entitlement resulted in an increased retention rate of employees returning to the company after maternity or adoption leave.

Upon the introduction of the Government’s Paid Parental Leave scheme, Company B took the opportunity to enhance its paid parental leave policy. Company B will now pay its employees the difference between the amount of the Government’s Parental Leave Pay, at National Minimum Wage, and the employee’s usual salary prior to commencement of parental leave for 12 weeks. Company B’s employees will now receive 12 weeks payment at their usual salary from the date the employee nominates as their Paid Parental Leave start date. As Parental Leave Pay must be paid at the full rate and in accordance with the employee’s usual pay cycle, Company B’s employees will not be able to choose to receive their payments at half pay.

The company believes that paying its employees the difference between Parental Leave Pay and their usual salary for the 12 week period will continue to result in an increased rate of return of employees after maternity or adoption leave and boost its profile as a family-friendly organisation.

Employer scheme including half-pay option in addition to Paid Parental Leave scheme
Company C introduced paid maternity and adoption leave in 1995. The company currently offers paid parental leave to eligible employees for 14 weeks at the rate of their usual salary. Company C has found that enhancements to their scheme over time has given them a strong position in the market place as a family-friendly employer, and increased the return to work rate of their employees.

With the introduction of the Government’s Paid Parental Leave scheme, Company C has made a decision to continue to provide 14 weeks of employer-provided parental leave paid at the employee’s usual rate of salary. The employer-provided scheme is in addition to the 18 weeks of Government-funded Parental Leave Pay. This means that an employee who is eligible for both schemes may be entitled to up to 32 weeks of payments if they wish to take their Parental Leave Pay before or after their employer-provided paid leave.

Company C has also chosen to allow employees to access the 14 week employer-provided paid parental leave at half pay. This means that if an employee chooses to take the leave at half pay and consecutively with the Government’s 18 weeks Parental Leave Pay they will be entitled to up to 46 weeks of payments during their time away from work. The company is aware that the 18 weeks of Government-funded Parental Leave Pay must be paid at the full rate and in accordance with the employee’s usual pay cycle over the 18 week Paid Parental Leave period.

Company C considers that by retaining its existing scheme and introducing the flexibility to take the entitlement at half pay, this will help employees access financial support for a longer period of time following
the birth or adoption of their child and will also help them to remain connected with their workplace for a longer period.

**Top up flat rate**

Company D is a small business and has not previously offered their staff any paid parental leave entitlements, but has previously ensured their long-term staff have access to unpaid parental leave under the National Employment Standards.

With the introduction of the Australian Government's Paid Parental Leave scheme, Company D decided to take the opportunity to introduce a paid parental leave scheme by building on the Parental Leave Pay provided by the Government. In addition to the 18 weeks of Government-funded Parental Leave Pay at the rate of the National Minimum Wage, employees who have worked for the company for 12 months or more will receive an additional $150 a week during the 18 week Paid Parental Leave period through an employer-provided paid parental leave scheme.

**Superannuation on Parental Leave Pay**

The owners of Company E, which has a workforce of 50, are not confident they can afford to fund a paid parental leave scheme at present. However, they recognise the importance of being a family-friendly workplace and want to look after their employees. As a starting point they have decided that the introduction of the Government's Paid Parental Leave scheme provides them with an opportunity to invest in their employees' long-term financial security by providing superannuation in respect of Parental Leave Pay. Company E believes that if they make contributions to their employees' superannuation funds for the 18 week Paid Parental Leave period, their employees will be more likely to return after their period of leave.

Company E will pay superannuation at the rate of the superannuation guarantee in respect of the 18 weeks of Parental Leave Pay received by eligible employees through the Government’s Paid Parental Leave scheme.

**Top up for 18 weeks, plus 8 weeks at full salary**

Company F, a large employer, initially introduced three weeks paid maternity and adoption leave in 2001 and has been slowly improving its parental leave policy. Prior to the introduction of the Government’s Paid Parental Leave scheme the company offered paid parental leave to eligible employees for 14 weeks at the rate of their usual salary. Company F has noted an increase in the return to work of employees who take paid leave around the birth or adoption of their child, and considers that providing paid leave at this time helps improve the workforce attachment of its employees. Company F has found that its parental leave policy, in conjunction with its other family friendly policies, has given it a recruitment edge over its competitors.

With the introduction of the Government’s Paid Parental Leave scheme, Company F has amended its policy to further extend the period of support offered to its employees. The company will pay the difference between Parental Leave Pay and the employee’s usual salary for 18 weeks while the employee is receiving Parental Leave Pay, and will provide an additional eight weeks paid leave at full pay.

Parental Leave Pay can only be received from the date of birth or adoption of the employee’s child or from a later date. By providing employees with an additional eight weeks of paid parental leave, Company F’s employees can, if they wish, commence employer-provided paid parental leave prior to the birth or adoption of their child by accessing this component of their entitlement from the beginning of their leave. Company F has also chosen to allow employees to access the eight week component of their paid parental leave at half pay, extending the paid parental leave period to 16 weeks and the payment period to 34 weeks if the employee chooses to take it at half pay consecutively with Parental Leave Pay. The 18 weeks Government-funded Parental Leave Pay must be paid from the employee’s nominated start date and in accordance with the employee’s usual pay cycle over the 18 week Paid Parental Leave period.

Company F has introduced these changes to further support the health and wellbeing of its staff and to further build on its staff retention strategies.

Company F has determined that by providing an extra payment in addition to the Government’s Parental Leave Pay to their eligible staff, their experienced and valuable staff will be encouraged to come back to the company when they return to the workforce.
What employers need to be aware of when developing their own schemes in conjunction with the government’s paid parental leave scheme

1. Employees who are eligible for both Parental Leave Pay and the Baby Bonus can choose which payment to receive. An employee may be eligible for Parental Leave Pay but can choose to receive Baby Bonus instead if that is a better financial decision for their family.
   a. If an employer offers paid parental leave entitlements to employees in conjunction with Parental Leave Pay, the employer needs to consider if and how their paid parental leave scheme will be available to those employees entitled to Parental Leave Pay but who choose to receive Baby Bonus instead.

2. An employee may be eligible for their employer-provided parental leave entitlements but not the Government’s Paid Parental Leave scheme. Employers will need to consider if their paid parental leave entitlements will be different based on whether or not the employee receives Parental Leave Pay. For example an employer may choose to provide a six week top-up to full salary where the employee will receive Parental Leave Pay, and provide six weeks leave at full pay if the employee is not eligible to receive Parental Leave Pay. Employers will also need to consider the administrative arrangements if their processes are linked to the processing of Parental Leave Pay.

3. Employers are only required to provide Parental Leave Pay to their eligible long-term employees who have worked for the employer for at least 12 months prior to the expected date of birth or adoption and will be their employee for the Paid Parental Leave period. If an employer plans to administer their employer-provided paid parental leave entitlements in conjunction with the Government’s Paid Parental Leave scheme, they may need to consider those employees who may receive Parental Leave Pay directly from the Family Assistance Office. For example, if an employer allows any employee who has worked for them for less than 12 months to access employer-provided paid parental leave, the employer could opt-in to provide Government-funded Parental Leave Pay to these employees on a voluntary basis.

4. Employees can receive Parental Leave Pay from the date of birth or adoption, or a later date. Parental Leave Pay must be fully paid within 52 weeks of the birth or adoption. The employee can nominate the start date. This means employees can choose to receive Parental Leave Pay before, after or at the same time as any employer-provided leave entitlements. This should be considered when developing employer-provided paid parental leave policies. An employer may wish to stipulate when employer-provided payments can be provided to the employee, but cannot stipulate when an employee is to receive Government-funded Parental Leave Pay.

5. The National Employment Standards enable birth mothers to commence unpaid parental leave up to six weeks prior to the birth of their child. Government-funded Parental Leave Pay cannot start earlier than the date of birth or adoption, and can start at a later date if the employee chooses. The employee can nominate the start date.

6. An employee may not necessarily receive the full 18 weeks of Parental Leave Pay. To be eligible for Parental Leave Pay, an employee must be on leave from the time they become their child’s primary carer until the end of their Paid Parental Leave period. If the employee returns to work before the end of their Paid Parental Leave period, their Parental Leave Pay will stop. An employee can transfer the unused part of their Parental Leave Pay to their partner, if the partner is eligible and claims the unused Parental Leave Pay.

7. Parental Leave Pay must be paid at the rate of the National Minimum Wage and in accordance with the employee’s usual pay cycle for the duration of the 18 week Paid Parental Leave period, from the employee’s nominated start date. Parental Leave Pay cannot be paid as a lump sum or at half pay, and employers cannot decide when it will be paid.
8. Every eligible parent will receive Parental Leave Pay at the rate of the National Minimum Wage, regardless of their pre-birth salary or hours of employment.

9. Employers who currently provide paid maternity or parental leave through an industrial instrument or law cannot withdraw that entitlement for the life of the instrument or law.

10. The Government’s Paid Parental Leave scheme cannot be absorbed into employer-provided schemes and Paid Parental Leave funds cannot be used to fund employer-provided parental leave schemes.

11. Although employers will not be required to pay payroll tax in respect of the Government’s Parental Leave Pay, any employer-provided entitlements provided in conjunction with Parental Leave Pay will attract payroll tax if they exceed the equivalent of 14 weeks of the employee’s usual salary prior to the commencement of parental leave. This relates to both full-time and part-time employees.
Questions and Answers: the Government’s Paid Parental Leave scheme and employer-provided schemes

What entitlements do employees have to unpaid parental leave?
The National Employment Standards in the Fair Work Act 2009 provide eligible employees with an entitlement to unpaid parental leave. Each eligible parent with 12 months or more continuous service (including long-term casual employees employed on a regular and systematic basis and with an expectation of ongoing employment) before the birth or adoption of their child are entitled to 12 months unpaid parental leave, with the option of extending that time by a further 12 months if their employer agrees. The request to extend unpaid parental leave can only be refused by an employer on reasonable business grounds. A family cannot exceed a total of 24 months between the two parents. Parents can take three weeks of their unpaid parental leave at the same time, starting immediately after the birth, or by agreement with their employers, within the period up to six weeks after birth. For birth mothers, the period of leave can commence up to six weeks before birth.

See www.fairwork.gov.au for more information on entitlements under the National Employment Standards.

When can an employee take Government-funded Parental Leave Pay?
Government-funded Parental Leave Pay can be taken from the date of birth or adoption of a child, or a later date. Parental Leave Pay must be taken in one continuous period and must all be used within 52 weeks of the birth or adoption.

An employee can take Parental Leave Pay before, after, or at the same time as any paid or unpaid maternity or parental leave, or other employer-provided leave entitlements (such as annual leave or long service leave). Employers are advised to notify employees whether there are any restrictions on when their employer-provided entitlement can be taken.

When can an employee use their employer-provided paid leave entitlements?
Employer-provided schemes may have specific rules about how, or when, an entitlement can be used by an employee. For example, an employer may require an employee to access their employer-provided entitlement immediately following the birth of their child.

Employers should talk to their employees about any restrictions or flexibilities in respect of their employer funded scheme so that the employee can make an informed decision about when they wish to take Parental Leave Pay.

Can an employee take their Government-funded Parental Leave Pay before the birth of their baby?
Parental Leave Pay cannot be taken prior to the birth or adoption of a child. Employer-provided paid leave may begin before the baby is born, depending on the terms of the relevant industrial instrument, law or company policy. For birth mothers, unpaid leave under the National Employment Standards can commence up to six weeks before the birth.

What about leave accrual?
Government-funded Parental Leave Pay will not result in the accrual of any additional leave entitlements for employees. However, if Parental Leave Pay is taken at the same time as a type of employer-provided paid leave that does attract the accrual of additional leave entitlements, such as annual or long service leave, receipt of Parental Leave Pay at the same time will not affect the usual leave accrual arrangements.

Can an employee choose to take Parental Leave Pay at half pay?
Although an employer-provided paid leave scheme may allow for paid leave to be taken at half pay, employees are not able to take Parental Leave Pay at half pay. The 18 weeks of Parental Leave Pay must be paid at the full rate of the payment and in accordance with the employee’s usual pay cycle.
Employees cannot take Parental Leave Pay as a lump sum, for example on commencement of leave or on return to work. It must be paid for the duration of the Parental Leave Period commencing from the employee's nominated start date, and in accordance with the employee's usual pay cycle, e.g. weekly in arrears.

**Do employers need to refer to the Government’s Paid Parental Leave scheme in their workplace policies?**

There is no requirement for employers to refer to the Paid Parental Leave scheme in their workplace policies. However, for clarity employers may wish to clearly set out how employer-provided paid leave entitlements interact with the Government’s Paid Parental Leave scheme and the National Employment Standards.

**What are examples of paid leave entitlements that employers are offering their employees?**

The Current Examples section in Attachment C of this document provides examples of options available to employers. Other options available to employers can be found in the Fair Work Ombudsman’s Best Practice Guide – Parental Leave at [www.fairwork.gov.au](http://www.fairwork.gov.au).

**Where can employers access more information?**

For information about providing more opportunities for women in the workplace, visit the Workplace Gender Equality Agency (WGEA) website at [www.wgea.gov.au](http://www.wgea.gov.au).

Checklist for employers planning to introduce or enhance employer-provided paid parental leave

- What type of entitlements are affordable by the organisation?
- Will the employer-provided paid leave be in a company policy, contract of employment, or an enterprise agreement?
- Will employees be consulted on the design of the policy?
- Will the employer-provided paid leave offer paid maternity, adoption and paternity leave?
- How much paid leave will be offered?
- Eligibility criteria:
  - What is the length of service required by an employee to be eligible for the paid leave entitlements?
  - What type of employees (e.g. permanent, casual, contractors) will be entitled to access the paid leave?
  - Will different lengths of service entitle employees to a different amount of paid leave?
- Will the employer-provided paid leave be delivered in conjunction with the Government’s Paid Parental Leave scheme? If yes, how?
- Will Parental Leave Pay be topped up to replacement wage?
- Does the scheme take into account the cautions outlined in Attachment C of this publication under the heading ‘What employers need to be aware of when developing their own schemes in conjunction with the Government’s Paid Parental Leave scheme’?
- Will superannuation be paid on Parental Leave Pay? If so, at what rate?
- How and when will the employer-provided paid leave entitlement be provided?
- Will a return to work bonus be offered?
- Does the employer-provided paid leave take into account obligations under all relevant legislation, such as the Fair Work Act and the Paid Parental Leave Act?
- Will formal arrangements be included in the agreement or policy about how the Keeping In Touch provisions in the Paid Parental Leave scheme will be implemented?
- How will the employer-provided paid leave entitlements be communicated to staff?

First produced by the Equal Opportunity for Women in the Workplace Agency and republished by the Workplace Gender Equality Agency in 2013.