


PAID PARENTAL LEAVE POLICY



JULY 2023



Part 1: Overview and Benefits

OVERVIEW

Australian Government Paid Parental Leave

- In December 2022, the Australian Government committed to reforming Australia's Paid Parental Leave (PPL) scheme by expanding its duration and scope.
- Legislation supporting the reforms was passed in March 2023, and the reforms will commence from 1 July 2023.
- The reforms represent the most significant update to the Australian Government's Paid Parental Leave scheme since it was first enacted in 2011, over a decade ago.
- Key changes relate to the scheme's duration, operation, and scope.

Duration

- The reforms increase Government-paid PPL from 20 weeks to 26 weeks (six months) over the next four years. The expansion to the scheme's duration will progress as follows:
 - 1 July 2023: 20 weeks
 - 1 July 2024: 22 weeks
 - 1 July 2025: 24 weeks
 - 1 July 2026: 26 weeks

Operation and Scope

- Prior to 1 July 2023, the Government's PPL scheme had two components:
 - Parental Leave Pay (PLP) (18 weeks for the child's "primary caregiver"); and
 - Dad and Partner Pay (DaPP) (2 weeks for the child's "secondary carer").
- Eligibility was previously determined by reference to the primary caregiver's income (typically, the mother's income – and capped at \$156,647).
- The reforms deliver six key changes to the existing scheme's operation and scope:
 1. combining the scheme's two existing payments into a single scheme to give families choice and flexibility;
 2. reserving two weeks of the scheme for each parent to support them both to take time off work after birth or adoption to encourage sharing of caregiving;
 3. simplifying the claims process by removing the categories of "primary" and "secondary" carers so it is easier for parents to access the payment;
 4. expanding access by introducing a \$350,000 family income test, rather than a primary carer income test (which is particularly significant for families where the primary caregiver under the existing scheme is ineligible if earning more than \$156,647);
 5. increasing flexibility for parents to choose how they take PPL days and transition back to work; and
 6. allowing eligible fathers and partners to access the payment (where the family income test is met) irrespective of whether the mother or birth parent meets the income test or residency requirements.

Marketplace Trends

- With the introduction of the Government's new PPL scheme, the private sector is responding by offering more comprehensive PPL schemes to their employees as a tool to attract and retain talent, derive a competitive advantage in a tight labour market and promote gender equality.
- A number of large corporates across various sectors (e.g. consulting, IT, law) are now offering 26 weeks of full-paid parental leave which is non-gender specific and without any requirement to have served a minimum period of service prior to being entitled to paid parental leave.
- According to Workplace Gender Equality Agency Data (which captures non-public sector employers with one hundred or more employees) over 60 percent of Australian employers provide access to PPL, and 92 percent of those offer it equally to men and women.
- It is recognised that for smaller companies providing 26 weeks of PPL (including without any minimum service requirement) may be a significant delta to their current arrangements and it may take a planned program of increasing the paid parental leave period over a number of years to reach the same number of weeks as proposed by the Government's new PPL scheme.
- Leading Australian Private Equity firms have indicated that their PPL schemes mirror the quantum of leave offered by the Government PPL scheme, so the staged increases to the Government PPL scheme from 1 July 2023 to 1 July 2026 may provide a suitable model for private capital firms to increase their own schemes.



Benefits for our industry

- In a competitive labour market, investing in PPL is a tool which our members can use to:
 - attract the best talent in the market (particularly employees who are not otherwise eligible for Government-paid PPL);
 - increase choice and flexibility for employees and their families, support women's economic security by increasing women's workforce participation and influence cultural change by encouraging more equal sharing of caregiving between parents; and
 - operate as leading-practice and best-practice market operators (i.e. within the top half of the market).
- These benefits are further outlined below.

Return on investment (ROI)

- While there is a cost involved with offering PPL to employees, there is ROI to be gained:
 - It is a valuable investment in human capital that can facilitate a commercial benefit for businesses by differentiating them against their competitors, thereby giving them a competitive advantage in the race for talent; and
 - It is a mechanism for employers to retain the talent they have invested in (recruiting and developing) and mitigate the cost of losing an employee (whose institutional knowledge, relationships and tailored skills generate efficiencies for businesses).¹
- This is particularly significant for high-earning women whose incomes may make them ineligible to access the government's PPL scheme.
- Retaining high-earning, senior women is particularly important for maximising productivity and increasing gender equality within leadership roles.

Workforce participation

- Offering PPL increases workforce participation by enabling parents to retain their existing employment and incentivising returning to work post-baby.
- The workforce participation gap between men and women in Australia is approximately 10%.²
- With record levels of employment persisting in the labour force market, increasing women's workforce participation is the best mechanism to boost productivity and grow the economy: if women's workforce participation matched men's, Australia's GDP would increase by \$30.7 billion, (or 8.7 per cent) by 2050, and create an additional 1 million full-time equivalent jobs.³

Impact on Gender Equality

- By treating both parents equally and giving male and female employees access to PPL, employers have a tool to help develop genuine cultural change around gender equality by enabling more equal caring responsibilities within families.
- If parents share unpaid labour and caring duties from the outset of the birth of a child, women are less likely to be burdened by disproportionate unpaid caring work and therefore more likely to maintain their workforce participation. This will:
 - help to reduce the gender pay gap at a societal level; and
 - encourage broader equality between men and women at the interpersonal level.

¹ For an employee earning \$200K, the AFR estimates of the cost of losing a star performer at \$400,000: \$50,000 hiring cost, \$150,000 onboarding cost, \$200,000 loss of productivity. <https://www.afr.com/work-and-careers/careers/the-real-cost-of-losing-a-star-performer-20200217-p541go>.

² March 2023: workforce participation was 71.3% for men and 62.4% for women (source: <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>).

³ Equity Economics (2021) Back of the pack – How Australia's parenting policies are failing women and our economy, December 2021, p 9 and CEW (Chief Executive Women) (2002) Addressing Australia's critical skill shortages: Unlocking women's economic participation, Sydney.



Part 2: Paid Parental Leave Template

POLICY

Key

Best practice = green

Standard practice -= red or black

Purpose and objective

[#insert company name or general partnership name or limited partnership name] (the [Company]/ [GP] /[LP], also known as [Abbreviated Name]) values its employees and family-friendly culture by providing supportive paid and unpaid parental leave options for employees to care for their newborn child or for a child placed with them for adoption [or via a surrogacy arrangement]. It describes the paid and unpaid parental leave options available to employees and outlines the relevant approvals and processes to follow before, during and after any parental leave period.

Definitions

Employee means all full-time and part-time employees of [#insert Abbreviated Name].

Normal Salary means the salary level the Employee is entitled to receive at the time of receiving any paid parental leave [including an amount that would ordinarily be paid into the Employee's superannuation fund] (less any salary sacrifice deductions that the Employee has elected to make and less tax).

Parental Leave means a period of 12 months leave (which may be extended with approval) where the leave is associated with:

- the birth or stillbirth of a child of the Employee or the Employee's Spouse; or
- the placement of a child with the Employee for adoption [or via a surrogacy arrangement].

Spouse is defined to include any person in a married or de facto relationship, including those in a same sex relationship.

[Eligibility

Under the National Employment Standards (NES), all Employees (including those in same sex and de-facto couple relationships) are eligible for 12 months of unpaid Parental Leave if they have completed at least 12 months of continuous service with [#insert Abbreviated Name] immediately before:

- the birth of either their child or their Spouse's child; or
- the placement of a child via [surrogacy or] adoption when that child is under 16 years of age and has not lived continuously with the Employee for six months prior to the date of placement.

Following an Employee's first period of Parental Leave, there is no minimum service requirements for the Employee to take another period of Parental Leave. They can also request up to an additional 12 months of Parental Leave (which may be approved at [#insert Abbreviated Name]'s discretion).

Employees that do not meet the requirements of unpaid Parental Leave, may apply for another form of leave in accordance with the terms and requirements of this policy.

OR

Eligibility

All Employees (including those in same sex and de-facto couple relationships) are eligible for 12 months of unpaid Parental Leave immediately before:

- the birth of either their child or their Spouse's child; or
- the placement of a child via surrogacy or adoption when that child is under 16 years of age and has not lived continuously with the Employee for 6 months prior to the date of placement.

[#insert Abbreviated Name] has no minimum service requirements for employees taking Parental Leave. Employees can also request up to an additional 12 months of Parental Leave (which may be approved and provided at [#insert Abbreviated Name]'s discretion).]



Paid Parental Leave

Note: From 1 July 2023, legislative reform of the Government PPL scheme means that employees may be eligible to receive from the Australian Government up to:

- 20 weeks from 1 July 2023;
- 22 weeks from 1 July 2024;
- 24 weeks from 1 July 2025; or
- 26 weeks from 1 July 2026,

of PPL at the minimum wage, subject to meeting the \$350,000 family income test.⁴

In this revised Government PPL scheme, for eligible Employees, the total weeks of PPL is to be shared between the Employee and their Spouse, where 2 weeks is reserved for each parent and the remaining weeks are shared between them as they elect, noting that single parents will be eligible for the total period of weeks.

Subject to below, [#insert Abbreviated Name] will support all Employees with [12-18] weeks of paid Parental Leave at Normal Salary provided they have they have completed at least [6-12] months of continuous service with [#insert Abbreviated Name] immediately before:

- the birth of either their child or their Spouse's child; or
- the placement of a child via [surrogacy or] adoption when that child is under 16 years of age and has not lived continuously with the Employee for six months prior to the date of placement.

However, where the Employee is also entitled to the Government funded Paid Parental Leave (PPL), [#insert Abbreviated Name] will pay the difference between Normal Salary for [12-18 weeks] and the amount received under the PPL.

An Employee may request to receive their paid Parental Leave from [#insert Abbreviated Name] for double the number of eligible weeks (i.e. [24-36] weeks) at 50% of their paid Parental Leave entitlement for each week.

OR

[Best practice (market leading): Subject to below, [#insert Abbreviated Name] will support all Employees with 26 weeks of paid Parental Leave at Normal Salary immediately before:

- the birth of either their child or their Spouse's child; or
- the placement of a child via [surrogacy or] adoption when that child is under 16 years of age and has not lived continuously with the Employee for six months prior to the date of placement.]

OR

[Best practice (aligning with Government paid PPL): Subject to below, [#insert Abbreviated Name] will support all Employees with the following number of weeks of paid Parental Leave at Normal Salary immediately before:

- the birth of either their child or their Spouse's child; or
- the placement of a child via [surrogacy or] adoption when that child is under 16 years of age and has not lived continuously with the Employee for six months prior to the date of placement.
 - From 1 July 2023 and prior to 30 June 2024 - 20 weeks;
 - From 1 July 2024 and prior to 30 June 2024 - 22 weeks;
 - From 1 July 2025 and prior to 30 June 2025 - 24 weeks; or
 - From 1 July 2026 and thereafter - 26 weeks,

(Normal Salary Paid Parental Leave Entitlement)

[Best practice (market leading): An Employee's entitlement to the Government funded Paid Parental Leave will not have any effect on their entitlement to paid Parental Leave by [#insert Abbreviated Name]]

⁴ The \$350,000 family income test applies as of 1 July 2023 and will be indexed each year from 1 July 2024. This limit therefore may be subject to change and should be reviewed annually (see [Changes to the paid parental leave scheme - Fair Work Ombudsman](#))



OR

[Best practice (aligning with Government paid PPL): However, where the Employee is also entitled to the Government funded Paid Parental Leave (PPL), [#insert Abbreviated Name] will pay the difference between the Normal Salary Paid Parental Leave Entitlement and the amount received under the Government funded PPL.]

An Employee may request to receive their paid Parental Leave from [#insert Abbreviated Name] for double the number of eligible weeks at 50% of their paid Parental Leave entitlement for each week.

Paid Pre-Natal Leave

A female Employee who presents a medical certificate from a registered medical practitioner stating that she is pregnant will have access to a total of 38 hours paid pre-natal leave per pregnancy. This leave must be taken prior to the Employee giving birth.

An Employee who presents a medical certificate from a registered medical practitioner stating that their Spouse is pregnant will have access to a total of 8 hours paid pre-natal leave per pregnancy. This leave must be taken prior to the Employee's Spouse giving birth.

Paid No Safe Job Leave

Where an Employee is pregnant and, in the opinion of a registered medical practitioner, illness or risks arising out of the pregnancy or hazards connected with the work assigned to the Employee make it inadvisable for the Employee to continue in her present position, the Employee will if [#insert Abbreviated Name] deems it practicable, be transferred to a safe job at the rate and on the conditions of employment attaching to the job until the commencement of Parental Leave. If no appropriate safe job is available for this period and the Employee is entitled to unpaid Parental Leave, then the Employee is entitled to be paid 'no safe job leave' for the risk period as provided in the NES.

Unpaid Special Maternity Leave

Eligible pregnant Employees are entitled to take unpaid special maternity leave in the event of a pregnancy related illness or loss of a child within 28 weeks of the expected date of birth of the child.

An Employee must give [#insert Abbreviated Name] notice of taking special maternity leave as soon as practicable and advise [#insert Abbreviated Name] of the expected period of leave. There is no time limit associated with this leave and the leave is separate to and does not form part of a pregnant Employee's entitlement to take Parental Leave. [#insert Abbreviated Name] may request medical evidence for the special maternity leave period.

Unpaid Pre-Adoption [or IVF] Leave

Prior to commencing a period of Parental Leave, an Employee who is adopting a child is entitled to take up to 2 days of unpaid pre-adoption leave to attend interviews to obtain approval for the adoption of the child.

[Any Employee undergoing IVF treatment is also entitled to up to 2 days of unpaid leave to attend medical appointments associated with the treatment.]

Taking Parental Leave

A pregnant Employee may commence their Parental Leave up to 6 weeks prior to the expected date of birth of the child, or earlier if requested by the Employee and agreed to by [#insert Abbreviated Name]. A pregnant Employee must not start their Parental Leave later than the date of birth of the child, or later than the date of placement in the case of an adopted child [or child received via surrogacy].

If a pregnant Employee wishes to work in the 6-week period immediately prior to the birth of the child, [#insert Abbreviated Name] may request a medical certificate confirming the Employee is fit for work. If the Employee does not supply a requested medical certificate within 7 days of the request, or if a medical certificate states that the Employee is not fit for work, [#insert Abbreviated Name] may require the Employee to commence their Parental Leave immediately.

[Where the Employee's Spouse has responsibility for the care of the child (and is not also an Employee) the Employee's leave may start anytime within 12 months after the date of birth or day of placement of the child if they are the primary caregiver thereafter.

For an Employee whose Spouse is also an Employee of [#insert Abbreviated Name] and their Spouse has already taken Parental Leave to care for the child, the Employee's Parental Leave must start immediately after the end of their Spouse's Parental Leave and within 12 months of the birth/ placement of their child.



For an Employee whose Spouse is not an Employee of [#insert Abbreviated Name] and their Spouse has cared for the child since its birth or placement, the Employee’s Parental Leave may start at any time within 12 months after the date of birth or the date of placement of the child.

OR

An Employee can take Parental Leave at the same time as their Spouse takes Parental Leave, after the date of birth or placement of the child. Employees may take Parental Leave either continuously in one block or on a flexible basis within the 12-month period. If Parental Leave is taken on a flexible basis, each period cannot be shorter than 2 weeks.]

Accrued Leave

Employees wishing to use some or all of their accrued annual or long service leave entitlement during their Parental Leave period can do so immediately after they cease to receive their Parental Leave pay so that the period for which they are receiving payment from [#insert Abbreviated Name] is continuous.

The use of accrued leave entitlements (annual or long service leave entitlement) during a period of unpaid Parental Leave, however, does not extend the period of unpaid Parental Leave.

The effect of both paid and unpaid Parental Leave on leave accrual is outlined in the following table.

Types of Leave	Effect while on paid Parental Leave	Effect while on unpaid Parental Leave
Annual leave	Accrues	Does not accrue
Personal/Carer’s leave	Accrues	Does not accrue
Long Service leave	Accrues	Does not accrue

Carried Interest

The division of [#insert Abbreviated Name]’s profit, or carried interest, will not change for an Employee on Parental Leave.

Applying for Parental Leave

Employees must notify their managers and provide a completed leave form [to the manager/through the portal [if applicable]] at least 10 weeks prior to the proposed commencement of any Parental Leave period.

In the case of a pregnant Employee, a medical certificate from their treating medical practitioner confirming their pregnancy and the expected date of birth is also required.

In the case of an Employee who is the partner of the expectant mother, a medical certificate from their Spouse’s treating medical practitioner confirming their Spouse’s pregnancy and the expected date of the birth is also required. If you are applying to receive Parental Leave pay for longer than 2 weeks, a statutory declaration confirming you will be the Primary Carer is also required.

In the case of adoption-related leave, a statutory declaration including your proposed carer status, the name and address of the adoption agency or surrogate parent, expected date of birth or day of placement for adoption (and whether the child is under 16 years of age and lived you for 6 months prior to the date of placement) is required.

At least 4 weeks before the intended date of commencement of Parental Leave, an Employee must (unless impracticable) provide a notice re-confirming the start and end dates of the Parental Leave (or advise of any changes).

Varying the Length of Parental Leave

Employees who have applied for a period of Parental Leave shorter than 12 months may extend their Parental Leave once within the 12-month period by giving 4 weeks’ notice before the end date of the original Parental Leave period so that the amended period of Parental Leave is still 12 months or less. [#insert Abbreviated Name] will confirm receipt of the notice however neither the Employee nor [#insert Abbreviated Name] is required to do anything else in these circumstances.

An Employee who wishes to be on Parental Leave for longer than 12 months may request an extension of up to a further 12 months unpaid Parental Leave following the end of the original 12-month Parental Leave period. In these circumstances, the Employee must notify their manager and provide a completed leave form [to the manager/ through the portal [if applicable]] at least 4 weeks



before the expiry of the original 12-month Parental Leave period. Any decision of [#insert Abbreviated Name] with respect to this request for a further period up to 12 months of Parental Leave is within [#insert Abbreviated Name]'s discretion.

An Employee may request to shorten the period of Parental Leave that they have been granted and [#insert Abbreviated Name] will consider whether it can agree to such a request. Any requests to reduce an Employee's Parental Leave should be made in writing to their manager [and amended in the portal [if applicable]] at least 4 weeks prior to the date that the Employee would like to return.

Termination of Employment while on Parental Leave

The period of Parental Leave is subject to both [#insert Abbreviated Name]'s and the Employee's right to terminate employment. If an Employee wishes to resign while on Parental Leave, they should provide notice of their resignation in writing, in accordance with the requirements set out in their employment agreement. If [#insert Abbreviated Name] wishes to terminate the employment while the Employee is on Parental Leave, [#insert Abbreviated Name] will comply with its obligations under the employment agreement.

In either case, the Parental Leave automatically ends when the employment validly terminates, and the Employee will forfeit any remaining Parental Leave payments.

Keeping in Touch

To enable an Employee to keep in touch and to facilitate their return to work when they have taken Parental Leave as the Primary Carer, they may work for up to a maximum of 10 days during their Parental Leave (Keeping in Touch Days). This must be a voluntary agreement between the Employee and [#insert Abbreviated Name].

Keeping in Touch Days should be taken at least 42 days after the birth or placement of the child, unless an Employee requests to take the days earlier, in which case, it cannot be within 14 days of the birth or placement. Subject to these limitations, Keeping in Touch Days can be taken at any time within 12 months of the birth or within 12 months of placement of the child in the case of adoption [or surrogacy].

A minimum of 1 day must be taken as a Keeping in Touch Day at a time. An Employee will be taken to have utilised 1 day of the Keeping in Touch Days even if they work less than 7.5 hours on a particular day.

If a Keeping in Touch Day is taken during the paid component of the Employee's Parental Leave period, no additional payment will be made to the Employee. However, if a Keeping in Touch Day falls during the unpaid part of an Employee's Parental Leave, [#insert Abbreviated Name] will pay the Employee their normal salary as an hourly rate ([less superannuation in this instance/ OR/ plus their applicable superannuation entitlement]). Employees should submit timesheets for those days. This will not affect any entitlement an Employee may have to statutory parental pay.

If an Employee works beyond their permitted Keeping in Touch Days, their Parental Leave will automatically end.

Public holidays

An Employee will not be paid an additional amount for any public holiday occurring during a period of paid or unpaid Parental Leave.

Returning to Work

An Employee is entitled to return to the position that the Employee held immediately before going on Parental Leave, as long as that position still exists. If that position no longer exists, the employee is entitled to an available position for which the Employee is qualified and suited that is nearest in status and pay to the Employee's previous position. If such a position is not available, the Employee's employment will be terminated by reason of redundancy.

If the Employee wishes to return to work after Parental Leave on different hours or on a different working arrangement to which they were on prior to commencing Parental Leave, this should ideally be discussed with their manager prior to commencing Parental Leave. If this is not possible, a meeting/discussion should be arranged no later than 8 weeks prior to the date the Employee intends to return to work. In these circumstances, an Employee should refer to the Flexible Working Policy.

[#insert Abbreviated Name] wishes to retain its valued Employees and will endeavour to explore all options in an effort to try and accommodate the request. However, the Employee has no entitlement to return to work on different hours or on a different working arrangement to which they were on prior to commencing Parental Leave.

[#insert Abbreviated Name] may amend and vary this policy from time to time.