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# Extending paid parental leave to 26 weeks

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## Questions and answers

### 1. What is the status quo?

Eligible parents are currently entitled to 18 weeks paid parental leave.

### 2. How much are the payments?

The maximum level of payment is currently \$538.55 per week before tax. Employees are entitled to either their gross weekly rate of pay or \$538.55, whichever is lower.

The rate is adjusted annually based on any increase to average earnings each year.

### 3. What is the total cost to implement the law?

The proposed extension to parental leave payments has a total net fiscal cost of approximately \$325 million over four years.

### 4. Who will benefit from these changes?

Parental leave is a scheme for eligible working parents or other primary carers who take parental leave or stop working to care for their newborn baby, or, a child under the age of six who is now in their care.

The changes will benefit the full range of primary carers currently eligible for parental leave payments, providing increased support for working parents with newborns, and families taking on the permanent care of children under the age of six.

### 5. What legislation was amended?

These changes required an amendment to the Parental Leave and Employment Protection Act 1987.

### 6. When will the changes come into force?

The duration of parental leave payments will increase from the current 18 weeks to 22 weeks from 1 July 2018, with a further increase to 26 weeks from 1 July 2020.



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### **7. Will there be an impact on businesses?**

Employers are already required to provide job-protected leave to eligible employees for a minimum period of six months (if the employee has been working for them for at least six months but less than 12). For employees who have worked for them for 12 months or more, the period of extended leave is one year.

This change does not require any employers to provide any additional leave. What it may do is provide more certainty for employers, given the likelihood that more parents may take the full 26 weeks if the leave is paid. This may give greater confidence to employers about the length of time they need to backfill the role.

### **8. When do I need to apply to qualify for the additional leave?**

It doesn't matter when you apply. If your due date is on or after 1 July 2018 and you're eligible for payments you will receive 22 weeks' pay. If the date is on or after 1 July 2020, you will receive 26 week's payment. The same applies to the date of adoption or the date on which you become the primary carer.

If the due date is before 1 July 2018 but the baby is born on 1 July or after, you will also be eligible for the additional four weeks' payments, and likewise in 2020.

### **9. What about pre-term babies due in July but born earlier?**

Again, if the expected due date is on or after 1 July, and the baby is born before this, be it a premature birth or otherwise, you will still be eligible for the additional payments.

### **10. What are "Keeping in Touch days"?**

These allow an employee to work limited hours during the paid parental leave period, without losing their entitlement for payments. This would require the agreement of both the employee and the employer.

### **11. What are the new Keeping in Touch provisions?**

These allow for additional hours to be worked to take account of the additional weeks of paid leave, and have been increased proportionally in line with the increased weeks. From 1 July 2018, when the scheme is 22 weeks in duration, an employee is able to work up to 52 hours without losing their entitlement; and from 1 July 2020, an employee will be able to work up to 64 hours without losing their entitlement.

This will help support workers who may be away from their workplace for a longer period to still maintain contact with their employer and keep abreast of any changes, and for the employer to continue to be connected with their employee.