

Fact Sheet: Parental Leave

Parental leave

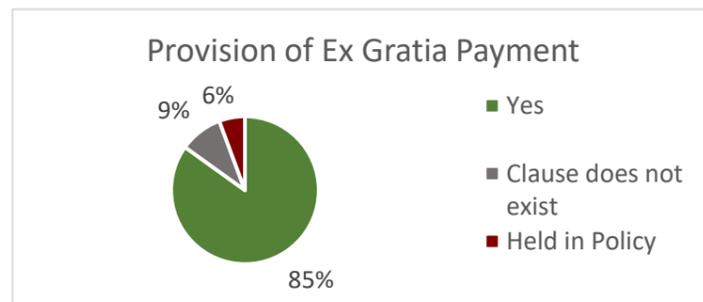
Parental leave, or primary carer leave, is available for employees who will have primary responsibility for the primary care of a child under six years on a permanent basis. A period of up to 26 weeks can be taken and must be continuous.

Collective agreements typically have extensive conditions for parental leave, setting out employee legislative entitlements, correct process for taking and returning from leave, and any entitlements above the statutory minimum. We have focused on the last of these in our coding.

Ex-gratia payment

Most collective agreements include an entitlement to an ex-gratia parental leave payment.

These payments are discretionary lump sums made to parents who take an extended period of parental leave. Historically, ex gratia payments were seen to support, or encourage, employees to return to work after parental leave, but it is not clear that this remains the primary driver for why these are provided.



Across collective agreements, **85** percent include the provision of an ex-gratia payment. A further **six percent** of agreements reference ex-gratia payments with the detail held in policy. **All other** agreements did not reference ex-gratia payments.

Value of ex-gratia payments

While these payments could be offered at any figure, in practice we have found that they are only offered with a value of either six weeks' pay, or 6.4 weeks' pay.

- Seventy-four percent of all agreements provide payment of six weeks.
- Eleven percent of all agreements provide payment of 6.4 weeks.

Timing of ex-gratia payment

Historically ex-gratia payments were made after a period of service after returning to work. This remains most common but is not the only time at which the payments are made.

- Fifty-three percent of agreements required employees to return to work and complete some period of service (e.g., six months).
- Twenty-eight percent of agreements did not include the timing of the payment.
- **One** agreement specified that payment is made when the leave is initially taken.

The remaining agreements, which include an ex-gratia payment, provide options for when the payment can be received. This most commonly is either in a lump sum after returning to work for a period or spread out over some time on returning to work - although some other variations exist.

Other parental leave entitlements

Annual leave

Annual leave is normally paid at the higher of “ordinary” or “average” wages. However, legislation sets out an “override” which applies when employees return from parental leave. Employees continue to accrue leave during their time away from work but find it paid at the lower of ordinary or average wages when they return.

It is common for Public Service agencies to enhance this override. We found only **one** agreement which stated that annual leave would be paid according to legislation on return from parental leave. At the time of publishing, we understand that removing the override from legislation is possible under [proposed changes](#) to the Holidays Act 2023.

Partner leave

Partner leave is a legislative entitlement of two weeks unpaid leave where an employee is the spouse of partner who is the primary carer of a child. Most agreements (**60** percent) include or otherwise reference partner leave. Of these, only **four** agreements provide for some or all of that period of leave to be paid (as a separate entitlement to, for example, annual leave).

Flexible return

It is uncommon for agreements to set out flexible working entitlements with respect to parental leave. We expect this is because where flexible working clauses exist employees returning from parental leave can access them in the same way that other employees can access them.

That said, we found that six percent of collective agreements include specific reference to working flexibly on return from parental leave, for example, returning to work part time, or on a different work roster.

Progression on parental leave

Parental leave can be taken at any time, and for a period of up to 52 weeks, so it is common for employees to be on parental leave at a time when their employer operates their performance/progression review. We found **no** Public Service collective agreements that set out whether, or how, employees on parental leave would be considered as part of these reviews.

KiwiSaver

By default, employees are not entitled to KiwiSaver employer contributions when on unpaid parental leave, and we found **no** agreements which offered this as an entitlement.

We note that recent changes proposed through Budget 2023 will provide “employer” contributions to employees on parental leave in certain circumstances from mid-2024.

DISCLAIMER

This covers only Public Service collective agreements which were current and available as at 1 December 2023, including agreements which have expired but remained in force at the time. This data was collected from collective agreements provided from Departments and Departmental Agencies which does not include IEA terms and conditions or any internal HR policies.