



Budget October 2022-23

Expanding Paid Parental Leave

Supporting families and advancing
gender equality



To provide greater support to new parents and advance gender equality, the Government is investing \$531.6 million over four years from 2022–23 to strengthen and expand the Paid Parental Leave (PPL) scheme.

The amount of PPL available for families will increase up to a total of 26 weeks from July 2026, benefiting over 180,000 families each year.

An additional two weeks will be added each year from July 2024 to July 2026, increasing the overall length of PPL by six weeks.

This is the biggest expansion of the PPL scheme since its introduction in 2011. It reflects the Government’s commitments to achieving economic equality for women, delivering better outcomes for children and reducing barriers for fathers to take time off work after a birth or adoption.

	2023-24	2024-25	2025-26	2026-27
Total PPL weeks	20	22	24	26



Next year, Grace and Chris make plans to have a child and want to share work and care responsibilities. Under the expanded Paid Parental Leave scheme, they will be able to access PPL for a total of 22 weeks from July 2024 and can use it flexibly. When the baby arrives, Grace will take leave to recover from the birth and breastfeed. Once she is ready to return to work, Grace will take leave two days a week and Chris will take leave three days a week, with each accessing a total 11 weeks of leave.

Increasing support and flexibility for families

Increasing the number of PPL weeks available will reduce the financial impact on families of taking time off to care for their newborn or newly adopted child. Weeks of the payment will be available for parents to access concurrently, allowing them to take paid leave on the same days. This will provide parents the choice and flexibility to manage work and care arrangements in ways that best suits their needs.

To further increase flexibility, from July 2023 parents will be able to take Government-paid leave in blocks as small as a day at a time, with periods of work in between, so parents can use their weeks in a way that works best for them.

Prior to the arrival of their first child, women are the primary income earners in around 25 per cent of Australian couples. Increasing flexibility in how parents share their weeks of PPL supports families to make decisions around the division of paid and unpaid care within their household.

Further changes to legislation will also support more parents to access the PPL scheme.

Eligibility will be expanded through the introduction of a \$350,000 family income test, which families can be assessed under if they do not meet the individual income test.

Single parents will be able to access the full entitlement each year. This will increase support to help single parents juggle care and work.

Promoting gender equality

PPL is an important mechanism for supporting gender equality and narrowing the gender pay gap. A key driver of the gender pay gap is the disproportionate amount of unpaid care and work performed by women. It is estimated that women reduce their hours of paid work by around

35 per cent across the first 5 years following the arrival of children. Men's hours of paid work drop only during the first month of parenthood before returning to previous levels.

Many men also want to take additional time off work following the birth or adoption of a child, as indicated by the increasing take-up of parental leave by fathers in the private sector.

To support a more balanced approach to paid and unpaid work within families and incentivise both parents to access parental leave, the reformed PPL scheme will reserve a dedicated 'use it or lose it' portion for each parent.

Take up of leave following a birth or adoption by fathers and partners will be further incentivised by giving fathers and partners better access to PPL at the same time as any employer-funded parental leave. This is not an option for fathers and partners under the current Dad and Partner Pay rules.

Gender equality under the scheme will be improved by removing the current requirement that the primary claimants of parental leave must be the birth parent. Families will be able to decide who will claim PPL first. A move to gender neutrality in the scheme recognises the diversity of Australian families and removes assumptions about who provides care.

Supporting better outcomes for parents and children

Parental leave provides a range of important benefits for parents and children. The PPL scheme is designed to enhance maternal and child health by supporting mothers to take time off paid work after the birth of a child.

The expansion of the PPL scheme will continue to support maternal health and deliver important lifelong benefits for children through setting them up to thrive in the first 1,000 days.

Children benefit from increased time with both parents in the early years and beyond, while men who are supported to spend more time with their children are happier and healthier and enjoy better mental health.

Designing an optimal PPL model

The Government is committed to continuously improving the PPL scheme to support gender equality and women's economic security. The Women's Economic Equality Taskforce, chaired by Sam Mostyn AO, will examine options for an optimal PPL model to improve women's economic outcomes and deliver support and flexibility for families. This will include the optimal number of weeks that parents can access together, as well as how to encourage more equal sharing of leave, including the provision of 'use it or lose it' weeks.

Why is the Government expanding the scheme?

Increasing the total length of payment under the scheme has long-term health benefits for children and their parents. Parents will benefit from being able to spend more time with their children while maintaining a connection to their workplace.

International experiences show that providing more paid leave results in an increase in the amount of time off work taken by fathers and partners.

The arrival of children has significant and long-term impacts on a family's division of paid and unpaid work.

In comparison to the OECD average, Australian women spend more time in unpaid work and less time in paid work.

Recently released ABS data shows stark differences in how women and men with children under 5 years spend their time. Among those doing unpaid work, women spent 3 hours and 31 minutes more than men on unpaid work each day.

Take-up of government-funded PPL by fathers in Australia is significantly lower than for mothers, being utilised for approximately 30 per cent of births.

With the norms regarding unpaid care within households set soon after childbirth or adoption, parental leave policies play a vital role in establishing a more equal distribution of unpaid care responsibilities between men and women.

Reserving a 'use it or lose it' portion in the PPL scheme encourages both parents to spend more time with their newborns and share caring responsibilities more equally.

Supporting the economy

The reforms to the PPL scheme – in conjunction with reforms to child care – will contribute to efforts to narrow the gender pay gap.

Paid parental leave plays an important role in ensuring parents remain connected to their workplace after the arrival of a child. It can additionally play a role in assisting businesses to attract and retain valuable staff.

By encouraging shared caring responsibilities, PPL will also support mothers to work more and better utilise their skills. The reforms will facilitate greater and more productive lifetime participation of mothers in the workforce.

This will not only help families to better balance paid work and caring responsibilities, but will also support participation and productivity, providing a dividend for the Australian economy.

Current settings

Currently, the PPL scheme is comprised of two payments for eligible carers of a newborn or recently adopted child. Parental Leave Pay is available for up to 18 weeks for the birth parent, while Dad and Partner Pay is available for up to 2 weeks to fathers and partners. While Parental Leave Pay may be taken in conjunction with employer paid leave, Dad and Partner Pay cannot.