



Paid parental leave

Work life balance fact sheet 3

What is paid parental leave?

Parental leave comprises payments 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. Unlike unpaid parental leave, paid parental leave is not currently a statutory requirement in Australia.

Benefits of paid parental leave

For many employers, paid parental leave makes good business sense because it is a cost effective way of:

- attracting and retaining skilled employees;
- preserving corporate knowledge;
- encouraging return to work with the same employer after parental leave;
- increasing staff morale, loyalty and commitment; and
- promoting a positive public image for the organisation.

Not just an issue for women

Often, parental leave is seen as a women's issue. But with many men now wishing to play a more active role in their children's lives, many employers are extending paid parental leave to fathers who are the primary caregiver. In addition, it is now best practice to provide a shorter duration of paid parental leave for the non-primary caregiver, such as 2 weeks paid leave immediately after the birth or adoption of a child.

Implementing paid parental leave

Eligibility

The employer determines the eligibility criteria for paid parental leave, taking account of business and employee needs. Decisions need to be made about:

- any qualifying period;
- whether the benefit is only available to an employee who is the primary care giver, usually the mother;
- what, if any, paid leave is available to employees who are the spouse/ partner; and
- can employee couples share the period of paid parental leave and are overlapping periods of leave allowable.

Pay rates

Payment of parental leave is usually at the employee's ordinary rate of pay. An employer may consider allowing an employee to take paid parental leave at half pay (or an agreed percentage) over a negotiated period of time.

Duration

Paid parental leave is normally offered for a specified number of weeks. The period varies from employer to employer, based on factors such as business' affordability and overall staffing levels. As a guide:

- according to the 2004 Equal Opportunity Workplace Agency survey, the most common duration for paid maternity leave is 6 weeks, followed by 12 weeks; and
- the international standard for paid maternity leave determined by the International Labour Organization (ILO) is 14 weeks.

Some best practice examples

Australian Catholic University – www.acu.edu.au

12 months paid maternity leave, including 12 weeks at full pay and 40 weeks at 60% pay.

Macquarie University – www.mq.edu.au

26 weeks paid parental leave, plus an additional four weeks paid leave for the partner at the time of birth – based on service

Cummins Engine Company Ltd – www.cumminsengine.com.au

15 weeks paid leave, with partner entitled to two weeks paid leave.

National Bank Australia – www.nab.com.au

12 weeks pay, which can be distributed in a lump sum, or over six-week, 12-week or 24-week period.

Calculating the cost of paid parental leave

The average annual cost of paid parental leave can be easily calculated, as illustrated below using the ILO standard of 14 weeks and the average weekly ordinary time earnings for female employees in WA (source: ABS 6302 trend data Nov 2008). The number of employees likely to take paid parental leave depends on the size and composition of the workforce – past experience will be a guide to this.

Average number of employees x 14 weeks x average salary= \$ cost of paid leave.

For example - 2 employees x 14 weeks x \$1050 = \$29,400 pa.

The cost of paid parental leave is offset by the savings from reduced need to replace employees who do not return from parental leave (including paying out employment entitlements); training new employees; and conducting recruitment processes.

Where to go for more information

Further information about work life balance strategies is available from the Department of Commerce work life website www.worklife.wa.gov.au