



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.

Benefits of paid parental leave

Paid parental leave makes good business sense because it is a cost effective way of:

- attracting and retaining skilled employees;
- preserving corporate knowledge;
- increasing staff morale, loyalty and commitment; and
- promoting a positive public image for the organisation.

Not just an issue for women

While parental leave has historically been treated as a women's issue, many men now wish to play a more active role in their children's lives. In response, some employers are now extending paid parental leave to fathers who are the primary caregiver. Other employers provide a shorter duration of paid parental leave for the non-primary caregiver, such as two weeks paid leave immediately after the birth or adoption of a child.

Commonwealth paid parental leave pay scheme

From 1 January 2011 the Commonwealth Government introduced a paid parental leave pay scheme which provides eligible working parents with up to 18 weeks' pay for the birth or adoption of a child.

This is a **welfare payment** funded by the Commonwealth Government, and is not related to an employer's decision to provide paid parental leave as outlined in this fact sheet.

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 made available to an employee who is the primary care giver;
- what, if any, paid leave is available to employees who are the spouse/ partner; and
- whether an employee couple can share the period of paid parental leave and if overlapping periods of leave are 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 offered by employers is varied, and is based on factors such as affordability and overall staffing levels.

According to the 2010 Equal Opportunity Workplace Agency survey, the average duration for paid maternity leave is 9.9 weeks. The international standard for paid maternity leave determined by the International Labour Organization (ILO) is 14 weeks.

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 for staff who have been in continuous employment with the university for more than one year, plus an additional four weeks paid leave for the partner at the time of birth.

Cummins Engine Company Ltd – www.cumminsenine.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 6, 12 or 24 week period.

Calculating the annual average cost of paid parental leave

The average annual cost of paid parental leave is easily calculated. The number of employees likely to take paid parental leave depends on the size and composition of the workforce – past experience is a useful guide.

Ave. number of employees x length of paid parental leave x ave. salary = \$ cost of paid leave

e.g. 2 employees x 14 weeks x \$1050 = \$29,400 per annum

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

Commonwealth paid parental leave pay scheme

From 1 January 2011, the Commonwealth Government introduced a paid parental leave pay scheme which may provide working parents with up to 18 weeks' pay for the birth or adoption of a child.

This is a **welfare payment**, and is not related to the legislated entitlement to unpaid parental leave or an employer's decision to provide paid parental leave.

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

For further information about the Commonwealth paid parental leave scheme visit www.centrelink.gov.au and www.familyassist.gov.au.

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