

## Paid Parental Leave - Practical Tips for Employers

---

The paid parental leave scheme was introduced into parliament on 12 May 2010. It passed the Senate on 17 June 2010. The scheme commences on 1 January 2011.

The *Fair Work Act* protects the right of employees who give birth or adopt to have up to 12 months off work. This period can be shared between parents, who can take parental leave either simultaneously or consecutively. Employees can make a further request to their employer for an additional 12 months of unpaid leave, although the employer does not have to agree to this in all circumstances. Employees can also request flexible working arrangements until the child goes to school. These rights extend to long-term casual employees.

At the end of this unpaid leave, an employee has the right to return to his or her job. All of these can be operationally difficult to manage but do not have a direct cost to the employer because the leave is unpaid.

### **The paid parental leave system**

The paid parental leave legislation does not directly affect the above arrangements. It allows all employees who take parental leave to receive payment for up to 18 weeks at the national weekly minimum wage, currently \$569.90.

In order to qualify for this, the employee must have worked at least 330 hours for the employer over the preceding thirteen months, with a break of no more than eight weeks between two working days, not including periods of paid leave. Paid parental leave is not available to employees who earn more than \$150,000 per year. Employees must also apply to the Family Assistance Office for approval.

### **Family Assistance Office**

Paid parental leave is funded by the government through the Family Assistance Office but managed by the employer. The Family Assistance Office can send a notice to employers outlining that they are required to pay an employee parental leave pay. In other cases, the Family Assistance Office will make the payment to the employer but the employer will pay the employee. The payment from the Family Assistance Office to the employer will be before the employer's pay cycle to alleviate any potential cash flow problems.

The payments are not subject to superannuation contribution obligations and they are not assessable for workers compensation premium purposes. If an employer has already separately contracted to pay its staff parental leave, that obligation remains.

The scheme also contemplates the employer and employee having up to ten contact days when the employee comes to work for training during the parental leave.

## **Paid parental leave - practical tips for employers**

The extent to which employers are likely to be affected by the introduction of paid parental leave depends on a number of factors. The short checklist below may serve as a useful starting point.

1. How many of my staff might be taking parental leave in the foreseeable future?
2. How many of my staff are likely to take the additional 12 month period of leave beyond the initial 12 month period?
3. How easy will it be for me to find temporary staff to replace those who take parental leave?
4. If it is not likely to be easy to attract temporary staff to fill the positions of staff on parental leave, how can I make these positions more attractive?
5. What steps will I need to take to reintegrate staff into the workforce after they return from parental leave?
6. The greater the proportion of the total number of staff who might take parental leave in the foreseeable future, the more important it is for you to plan for this contingency.

## **Advance warning of parental leave**

While the *Fair Work Act* states that employees must give at least ten weeks' notice of their intention to take parental leave, there is no reason why employers cannot ask for notice further in advance. The more difficult it is likely to be to find suitable staff to fill temporary positions, the more sense it makes to ask for more than ten weeks' notice. Given that the duration of pregnancy is 40 weeks, it would not be unreasonable to ask staff planning to take parental leave to give 15 or 20 weeks' notice of their intentions.

Whatever you decide to do, it would be prudent to put the policy into writing and circulate it amongst your staff at the earliest opportunity.

## **Finding temporary staff to fill parental leave positions**

The ease with which staff can be found to fill temporary positions resulting from permanent staff taking parental leave will depend on a number of factors, including the abundance or shortage of labour in your part of the industry, the geographic location of your business and the skill level of staff members who need to be replaced.

## **Making temporary positions more attractive**

Other than offering an inflated salary, an alternative would be to replace a full-time position with two or even three part-time positions (where operationally possible) or to find two suitable candidates who would be prepared to job share.

While the necessity of creating part-time or job-sharing positions in order to fill a temporary vacancy may seem at first glance to be too hard to manage, it could solve a staffing problem which might otherwise be problematic. It could also have the benefit of creating a useful talent pool for filling other temporary vacancies, covering for staff who are on long service leave or extended annual leave and dealing with periods of excessive workload in the future.