

WALKING THE TIGHT ROPE - BALANCING THE NEEDS OF PARENTS VERSUS EMPLOYERS

Prime Minister Lawrence Wong made his maiden National Day Rally speech on 18 August 2024 (Sunday). One of the key developments was the announcement of a revamped shared parental leave scheme and an increase in the paternity leave. This is likely to cause a stir amongst business owners with the impact being felt differently depending on the scale and size of their businesses.

The changes are:

- With effect from 1 April 2025, husbands will be given 4 weeks of mandatory government-paid paternity leave. This represents a 100% increase from the existing 2 weeks which husbands have been enjoying presently.
- The shared parental leave scheme will be revamped to provide for 6 weeks of shared leave to be utilised between the wife and the husband with effect from 1 April 2025. On the following year with effect from 1 April 2026, this will be increased to 10 weeks. The provision under the revamped shared parental leave scheme is on top of the existing maternity leave of 16 weeks and the enhanced paternity leave as described in the paragraph above.

Once the revamped shared parental leave scheme is fully implemented, parents will have a total of 30 weeks of paid leave (equivalent to 7.5 months).

This announcement by Prime Minister Wong is a continuation of a series of pro-family moves which are meant to stem the fall in Singapore's total fertility rate ("TFR"). For context, the TFR fell to 0.97 in 2023 marking a further decline from the previous TFR of 1.04 in 2022 and 1.12 in 2021. Attributing the continuous fall in Singapore's TFR to a specific cause or reason is an impossible task given that there are multiple issues at play. Some of them include the growing financial costs of child-raising, societal norms, personal choice/preference, and the difficulties of managing work and family commitments concurrently. It is indeed laudable for such pro-family moves to be further refined and introduced so as to address some of the concerns that families face in Singapore.

However, it is also pertinent to note the concerns of business owners in Singapore who are struggling with various issues such as rising costs and the general economic and political uncertainty. The abovementioned measures while aiming to address the issue of a falling TFR are also likely to impact business owners. These measures are likely to raise manpower pressure when such leave (whether maternity leave, paternity leave or shared parental leave) is consumed.

Business owners will have to grapple with the issue of having sufficient cover when certain of their employees are on such leave. Should business owners decide to hire interim staff to plug the gap, such hires will represent an increase in their manpower costs. Alternatively, should business owners decide to bite the bullet and rely on their existing manpower, the increased work load and pressure may create additional pressure and stress amongst their existing staff. This may lead to mental burnout which is not helpful for the long-term prospects and viability of such businesses.

It is indeed a tough choice for business owners in Singapore in receiving this new development. It is heartening to see that there are measures to assist business owners to cope with certain issues described above. For instance, employees have to notify employers in advance on how they wish to utilise their leave entitlement. This will allow employers to pre-empt and manage any potential staffing issues.

Employers may also wish to encourage their employees to consume their leave entitlement in a single substantial block as it is administratively easier for employers to seek interim or temporary staff for periods of time amounting to 6 months for example.

While this may yet be another step in our many attempts to lift our TFR, let us hope that this new development will create a win-win scenario for both employers and parents. Employers can create a family-friendly environment whereby employees are able to devote their time and energy fully for their families during their leave period. Upon their return to their workplace, employees may then repay their gratitude to their employers with renewed energy and dedication.

Should you have any queries as to how this update may affect you or your organisation or require further information, please do not hesitate to email us.



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This article is intended to discuss the balancing needs of parents versus employers, and it is not intended to be comprehensive, nor should it be construed as legal advice. This article is updated as of 27 August 2024.

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