

## Parental Leave...*for Every Child*

Canada's parental leave system is constructed primarily as an employment benefit for some parents. Where does that leave children?



Canada's parental leave system is exclusive in every sense. It privileges parents with secure jobs and higher wages, while excluding the children who stand to benefit the most. Universal access with adequate pay should be the primary goal of a reformed system, as part of an “infant income guarantee”. **Every newborn in Canada should have the right to protected and adequately paid time with a parent or caregiver in the first 6 months (26 weeks) of life.** To ensure the social protection and care of children at the most critical time of life, universal parental leave pay should, in coordination with child income benefits, align with the average annual family income. Employed parents should be entitled to 100% of their employment income (with a ceiling) for the first 6 months of parental leave.

Canada's most recent, incremental improvements to parental leave policy have focused on increasing its duration and flexibility and including different parent roles (including fathers/secondary, adoptive and surrogate parents). There are now more possibilities for paid job leave time for eligible workers. Still, eligibility restrictions associated with the Employment Insurance system to which parental leave is anchored **exclude one-third of newborns**, and benefit pay falls well below international best practice. In effect, many parents lack the resources – time and money – to care for their children and protect them from poverty at the most critical time of life.

Exclusive eligibility and an unaffordable pay rate tend to exclude lower-income, Indigenous and racialized parents and children from taking up this entitlement or taking it for the optimal duration. Yet children's risk of poverty in Canada is highest in the first years of life, and its impacts the most damaging. The expenses that come with the birth of a child are also more difficult to manage for lower income families. On the other hand, parental leave has a wide range of positive impacts that help get infants off to the best start.

A child-centered parental leave policy starts with the child's rights and best interests—sufficient time with adequate income for parents and caregivers of every child—rather than the unequal entitlements of adults or workers.

## AN UNFAIR START

Children's experiences and exposures during their early years play a critical role in shaping their chances for long-term health and well-being. Infancy is a particularly vulnerable period. Public policy in this formative period should provide time, resources and services for parents to care for their infants. Parental leave is a fundamental policy in a trifecta of early years "family-friendly" care and social protection policies<sup>1</sup> (including child-focused income benefits and childcare) that each make distinct contributions to get children

off to the best start and open the way to the brightest futures.

Canada has a complex parental leave system that includes several distinct elements: paid leave through employment-based insurance benefits (the Québec Provincial Insurance Program [QPIP] and federal Employment Insurance [EI] for the rest of Canada); employer-sponsored wage-compensation benefits to top-up government insurance programs; and employment standards laws that vary across 14 federal/provincial/territorial jurisdictions to establish job-protected, unpaid leave time around the birth or adoption of a child. Each of these parts of

<sup>1</sup> "Parental leave" in this brief includes paid maternity, paternity/second parent and parental time related to the birth, adoption or caregiving placement of a child. It does not exclude the broader concept of parenting and other

care giving leave. The focus is Canada's federal benefit, unless Quebec's distinct system is specifically noted.

the system creates inequalities for children and parents, to different extents. It is the first of these parts of the system that is our focus, for its potential to provide the equitable conditions to which every child is entitled: caregiving relationships, freedom from poverty and optimal health and development.

In Canada, public spending on children in the preschool years is the lowest across age groups, at the stage of life when children and families need the most support. In UNICEF's 2019 Report Card, Canada ranked 28<sup>th</sup> among rich countries for its investment in "family-friendly policies," spending close to one-third less than the average country in 2015.<sup>2</sup> Since then, Canada has made strides to increase child-focused income benefits and taken steps to expand a system of accessible, quality childcare. However, Canada's investment in family policies remains less than the 2.3% GDP average among rich countries in the OECD, at around 1.8%.<sup>3</sup> A gap between Canada and other wealthy countries is evident in insufficient investment in parental leave. Public expenditure on maternity and parental leave in OECD countries ranges from USD 35 000 per child born in Norway to USD 400 per child born in Turkey, with an average USD 12 100 per child. Canada

falls below the average in spending on parental leave, ranking 17<sup>th</sup> in 2015.

**Parental leave has been incrementally advanced to achieve a duration and leave-sharing provision that compare favourably with international good practice. In access and pay, Canada lags behind.** Parental leave still falls far short of what every child needs, excluding about one-third of children altogether and leaving many others at risk of poverty,<sup>4</sup> mainly due to a combination of restricted eligibility and low rates of wage replacement. Canada has established federal, provincial and territorial legal rights to unpaid parental leave, but paid leave coverage is limited to women in certain types of formal employment; qualifying conditions exclude many—even some who have paid EI premiums; and a low pay rate de facto limits the uptake of leave for some who are eligible.

**Close to 30% of all Canadian mothers (and 60% of low-income mothers) outside Quebec do not receive parental benefits.** Put another way, about one-third of infants are excluded. Based on EICS data, in 2021, 82.9% of parents with a child aged 18 months or younger outside of Québec had insurable employment and 17.1% did not (and were therefore not eligible for parental leave benefits). Of the recent mothers with insurable employment,

<sup>2</sup> UNICEF Canada. 2020. Worlds Apart: Canadian Companion to UNICEF Report Card 16: UNICEF Canada, Toronto.

<sup>3</sup> OECD (2022), Family benefits public spending (indicator). doi: 10.1787/8e8b3273-en (Accessed on 31 August 2022).

<sup>4</sup> Robson, J. (2017). Parental benefits in Canada: Which way forward. IRPP Study.

89.3% received parental leave benefits 10.7% did not. In total, 27.8% of parents outside Québec did not receive any parental benefits in 2021. This compares to around 10% in Quebec.

About 25% of excluded parents did not work enough hours to qualify to receive parental leave benefits. Who are the other parents of infants without paid parental benefits? Some have jobs that are not eligible for EI coverage and some are not in the job market for various reasons: they include students and some parents of children with disabilities and other complex needs that cannot work because of their children's care needs. In 2022, only 51% of people aged 15 to 49 believed that they would have access to sufficient maternity, paternity or parental leave.<sup>5</sup>

**Another equity fault line is visible as access to parental leave benefits rises with income level.** In 2019, only 50% of families with less than CAN 20 000 of annual income received parental leave benefits under EI, compared to more than 80% of families with an income above CAN 60 000. In Quebec, 42% more low-income families received benefits than those in the rest of Canada.<sup>6</sup>

**More than just access, living in a household with an income above CAN 60 000 has a positive effect on the**

**uptake of parental benefits among those eligible for it.**

The benefits of paid parental leave can only be realized if parents are both eligible for it and can afford to take up the leave in practice. Quebec's system is more inclusive by design and in practice, primarily due to its higher rate of maternity pay and fewer qualifying conditions under QPIP. However, EI-based parental leave is riddled with rules that perpetuate inequalities based on gender and income, from the obvious (e.g., types of eligible employment and the pay rate) to the administrative (e.g., the lengthy advance registration period for the self-employed).

The inequalities in access to and uptake of parental leave benefits mirror and reinforce the structure of income inequalities experienced more broadly in Canada.<sup>7</sup> Because parental leave benefits are linked to labour force participation, inequalities experienced in employment are reflected in and even strengthened by participation in parental leave. The equity gap in who actually benefits from leave benefits has led researchers to describe this as a distinction between "parental-leave-rich" and "parental-leave-poor" households. In effect, parental leave policy discriminates against children whose parents are unemployed, under-employed, precariously employed, in non-standard and unregulated jobs,

<sup>5</sup> Statistics Canada, Canadian Social Survey – Well-being and Family Relationships, 2022; Canadian Social Survey – COVID-19 and Well-being, 2021.

<sup>6</sup> McKay, L., Mathieu, S. and Doucet, A. (2016). Parental leave-rich and parental leave-poor: Inequality in Canadian

labour market based leave policies. *Journal of Industrial Relations* 58 (4): 543-562.

<sup>7</sup> Mathieu, S., Doucet, A. and McKay, L. (2020). Parental leave benefits and inter-provincial differences: The case of four Canadian provinces. *Canadian Journal of Sociology* 45 (2): 169-194.



students, Indigenous mothers, younger mothers and those who simply do not earn enough income to take leave at the program's wage replacement rate. Low-income families, racialized Canadians, new immigrants and Indigenous peoples are less likely to be eligible to access parental benefits. Conversely, these policies privilege children whose parents are securely employed—many of whom have employers or unions who further supplement their wage replacement. In 2022, 60.3% of employed First Nations mothers aged 20 to 49 living off reserve; 61.1% of Métis mothers; and 69.0% of mothers who were immigrants to Canada with a child younger than 1 reported being on maternity or parental leave. In contrast, 76.3% of employed Canadian-born mothers with a child younger than 1 were on leave.<sup>8</sup>

### **Parental leave leaves out more of the children who need the most support.**

The pandemic has only emphasized the shortcomings of parental leave anchored to employment insurance. With the suspension or reduced delivery of care and educational services—childcare, schooling, after-school care and summer camps—it has been women, especially mothers, who have borne most of the responsibilities for care. Mothers, especially mothers of young children, left or reduced their paid work, and women's employment in Canada plummeted from a historic high to its lowest level in 30 years. Women were less able to work or to work the required hours that

would enable their eligibility for EI based parental leave or EI for job loss.

The International Labour Organization (ILO) Maternity Protection Convention 2000 (no. 183) standards include at least 14 weeks of maternity leave remunerated to at least 67% of previous earnings for every employed mother, and countries are recommended to universally provide at least 18 weeks (as per Recommendation 191). The Convention sets a standard for minimum pay at 67% of earnings, more than Canada's basic EI rate of 55%. Canada has not yet ratified this Convention and is failing to universally assure these minimum, normative standards for time and pay that most high-income countries are aligned with.

In summary, due to shortcomings in the legal protection of, investment in, and policy design of parental leave, the ability of a newborn child to enjoy the full benefit of Canada's parental leave system is dependent on their parents' employment status and income. Therefore, it is limited and highly inequitable.

Some infants start life in families with greater access to time and money for parental caregiving, while others are raised in households with comparatively less economic support for parental care and less social protection. Parental benefit regimes should not be a door through which infants are introduced to inequalities from birth.<sup>9</sup>

<sup>8</sup> Statistics Canada, Quality of Employment in Canada: Parental Leave 1997 to 2022, 2023.

<sup>9</sup> Mathieu, S., Doucet, A. and McKay, L. (2020). Parental leave benefits and inter-provincial differences: The case of

**If an unfair policy leads to an unfair start, what happens when parental leave is considered as a benefit for children *and* their parents?**

## A CHILD-CENTRED APPROACH TO PARENTAL LEAVE

Parental leave in Canada is perceived primarily as a benefit of employment and at best as government support for parents. Parental leave policy design and debates tend to focus on access by *parents*, instead of which *children* are entitled to benefit. The role of parental leave as one of the single most important policies for children is often overlooked, or only considered a side effect. Certainly, there is a wide range of effects associated with inclusive parental leave that align with many interlinked Canadian policy priorities, including poverty reduction and equity; economic advancement; gender equality; health; quality of life and well-being; and achieving the Sustainable Development Goals. But treating parental leave as a parent's or worker's right instead of a child's right helps explain the lack of inclusion of all children by design (including children of ineligible, unemployed, under-employed, surrogate and adoptive parents) and the inadequate pay, which de facto limits the equitable participation of low-income households and others in most need of social protection. If close to 30% of mothers are not eligible for EI-based parental leave, then close to 30% of infants are excluded from protected time

with a caregiver with an adequate income guarantee.

All children have the right to be cared for by their parents and the right to adequate social protection. The benefits to children and their families include better physical and mental health, child development, and economic stability. But the current parental leave system excludes precisely those children who stand to benefit the most from parental time and income support. Discussed above is the disproportionate exclusion of children in low-income families, Indigenous children, Black children and children of single parents as a by-product of employment inequalities exacerbated by limitations in EI eligibility and pay. However, there are many other ways that children experience inequalities in the design of parental leave because it is not child-sensitive.

For example, across all employment insurance-based systems in Canada, twins have to share parental pay. Currently, children of couples without a birth parent (e.g., male same-sex couples, adoptive parents or parents who relied on surrogacy) receive fewer parental benefits than children cared for by their biological mothers. They may have up to 40 weeks with their new parents (using parental leave), while children cared for by a birth parent can have up to 55 weeks (parental leave plus maternity leave). This disparity has been upheld in parliamentary studies and in the courts because it has been considered based on the differential rights of parents rather than the equitable rights of

four Canadian provinces. *Canadian Journal of Sociology* 45 (2): 169-194.

children. Furthermore, while parental leave for fathers in Québec is an individual right, the EI-based parental sharing benefit is not. The eligibility of the father (or second caregiver) is dependent on the eligibility of the first caregiver, which can further limit access to parental leave benefits for a child and their family. Furthermore, one class of parents - those who are self-employed – have a distinct EI parental leave benefit but must register for and pay premiums for 12 months before drawing benefits. This period is far outside the period of pregnancy.

Gaps in the continuum and coherence of other child-focused policies do not fill the equity gaps in parental leave. Child-focused income benefits like the Canada Child Benefit (CCB) on their own do not currently eliminate the prevalence of child poverty, nor do they protect the time for infant care. Many new parents experience a decline in earned income in the year following a child's birth, and child benefit levels may fall as a result.

Infancy is also the time of life when childcare is the most expensive and difficult to access, especially for parents who work non-standard hours. In 2021 there was a full- or part-day childcare centre/preschool space available for 28% of children age 0-5 across the country.<sup>10</sup> Only eight Canadian

cities met a childcare coverage rate of 33% for infants (the Barcelona target for the European Union for children younger than 36 months) and they are all in Quebec. Most Canadian cities have a coverage rate below 20%, meaning that in those cities, there are at least five infants for every licensed infant space.<sup>11</sup> Yet in 2020, 20% of infants younger than one year relied on some type of care.<sup>12</sup> Parent-reported surveys have shown that many parents using childcare services experienced difficulty finding them. In 2022, 78% of childcare centres had active waitlists.<sup>13</sup> Only half enroll infants. Among centres offering full-time care outside Quebec in 2022, daily fees (including subsidies) were highest for infants (\$52.10) and lowest for school-aged children (\$30.80).<sup>14</sup> In Nordic countries, there is no gap between the end of well-paid parental leave and a child's entitlement to childcare.<sup>15</sup> In Canada, it is perverse that parents who are unemployed because they cannot access or afford infant childcare may also not be eligible for income support for this parental "leave".

Furthermore, if childcare in infancy is of low quality, it can have comparatively greater negative effects than poor quality care experienced by older children. A meta-analysis of nine studies shows that children looked after in childcare, particularly those younger than 36 months and in poorer

<sup>10</sup> Blum, S., Dobrotić, I., Kaufman, G., Koslowski, A., and Moss, P. (2023) *International Review of Leave Policies and Research 2023*. Available at: [http://www.leavenetwork.org/lp\\_and\\_r\\_reports/](http://www.leavenetwork.org/lp_and_r_reports/)

<sup>11</sup> Canadian Centre for Policy Alternatives (2023). Not done yet: \$10-a-day child care requires addressing Canada's child care deserts.

<sup>12</sup> Statistics Canada Survey on Early Learning and Child Care Arrangements, 2020

<sup>13</sup> Canadian Survey on the Provision of Childcare Services, 2022.

<sup>14</sup> Characteristics of child care centres serving children aged 0 to 5 years in Canada, 2021-2022.

<sup>15</sup> Doucet, A. and K. De Laat (2022). Parental leave needs an overhaul. Policy Options blog posted 9 February 2022.

quality settings, experience a small increase in the stress hormone cortisol and a different diurnal trend compared to children looked after at home.<sup>16</sup> Research has found that when childcare is of low quality, expanding access to maternity leave - especially in the first six months - can have long-term positive effects on child outcomes.

Focusing on children in the design of parental leave would advance the coherence of family-friendly policies and help limit inequalities in children's rights to be cared for, to have social protection, and to optimal development in the first months of life.

## TIME MATTERS

Sufficient time for parental leave positively affects child health and broader well-being. During this time, critical things happen to help ensure a good start for infants. Parents have the necessary time to bond with their young children, whether born to them or adopted, and to meet children's critical health, nutritional and developmental needs. Protecting this time increases the rate and duration of breastfeeding; infant vaccination rates; and the frequency of family doctor check-ups. It is in turn associated with lower infant mortality (even in high-income countries), a lower incidence of pre-term birth and low

birthweight, reduced rehospitalizations and better early brain development.

The World Health Organization (WHO) recommends that infants be exclusively breastfed for 6 months, but in Canada only 35% breastfeed exclusively for 6 months,<sup>17</sup> with lower rates among socially and economically vulnerable women. This rate is lower than the 2030 Sustainable Development Goals target of 70% to which Canada has pledged. A robust body of evidence highlights the importance of breastfeeding for the optimal health and long-term well-being of women and children. For instance, children who are breastfed have better immunity and reduced risk of acute and chronic illness, infection and unhealthy weight, and improved cognitive outcomes resulting in higher educational achievement and earning potential compared with non-breastfed children. Breastfeeding also provides immuno-protection and increased food security that contribute to resilience to shocks like the COVID-19 pandemic, financial stresses and environmental disasters.

In Canada in 2020, 91% of all mothers initiated breastfeeding, but more than 50% stopped by 6 months. The workplace setting represents a substantial barrier to women who wish to breastfeed. Returning to paid work too soon after the birth of a child has a detrimental effect on breastfeeding initiation and duration.

<sup>16</sup> Gupta, N.B. and J. Jensen (2023). *Parental leave vs. early child care*. SNS Research Brief 95.

<sup>17</sup> Statistics Canada. Health characteristics, two-year period estimates. Table 13-10-0113-01, release date 1022-04-19: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1310011301> (Accessed April 26, 2022).



Similarly, difficulties due to parents' work schedules are commonly cited as a reason that parents have not vaccinated their children. A number of studies from high-income countries have found that paid leave increases rates of breastfeeding for at least the first 6 months of an infant's life. Breastfeeding rates are generally higher in countries that provide widespread access to parental leave. A study including Australia, UK and USA found that women with 6 months or more maternity leave were at least 30% more likely to maintain breastfeeding for at least the first 6 months.

Evidence suggests that paid parental leave can contribute to the prevention of family violence. For example, research in Australia found that access to paid maternity leave was associated with reduced intimate partner violence in the first year after birth, which is detrimental to the health of both mothers and children. A study of California's paid parental leave policy found that child maltreatment and physical abuse decreased after the introduction of the policy.

Not surprisingly, parental benefits also lower rates of maternal depression and stress. With protected time in the first 6 months, parents do not have to spend time in or looking for employment or miss work due to parenting demands. They do not have to search for rare, costly childcare services for infants. Dedicated second

parent leave can increase the involvement of fathers in infant care. These effects have significant knock-on effects on both child and parent health. A recent Statistics Canada study found that Canadians on maternity, paternity or parental leave reported some of the highest levels of hopefulness about the future—a federal Quality of Life Indicator (83% compared to a population average of 64%).<sup>18</sup>

A summary of the existing evidence suggests that in most settings, the beneficial effects of parental leave on children's well-being are most associated with the first 6 months or so. An international review of the health and economic effects of paid leave highlights the critical importance of offering a minimum of three months of paid parental leave and recommends at least six months of paid leave.<sup>19</sup> Research suggests there are fewer positive gains in children's outcomes with maternity leave beyond six months.<sup>20</sup> However, when Canada expanded leave from 6 to 12 months in 2001, research identified positive effects on breastfeeding and child development.<sup>21</sup>

<sup>18</sup> The infographic "Hopefulness in Canada" is available as part of the *Statistics Canada – Infographics series* (11-627-M).

<sup>19</sup> Hass, L., & Hwang, C. P. (2008). The impact of taking parental leave on fathers' participation in childcare and relationships with children: Lessons from Sweden.

Community, Work and Family 11(1), 85-104. <https://doi.org/10.1080/13668800701785346>

<sup>20</sup> Gupta, N.B. and J. Jensen (2023). *Parental leave vs. early child care*. SNS Research Brief 95.

<sup>21</sup> Baker, M. and K. Milligan (2008). Maternal employment, breastfeeding and health: evidence from maternity leave mandates. *Journal of Labour Economics* 26(4): 871-8.

➤ **How does Canada compare to other wealthy countries?**

**Breastfeeding at 6 and 12 months of age:**

17<sup>th</sup> out of 20 countries

**Low birthweight:**

21<sup>st</sup> out of 41 countries

**Child poverty:**

18<sup>th</sup> out of 39 countries

**Child mortality:**

34<sup>th</sup> out of 43 countries

**Obesity:**

33<sup>rd</sup> out of 43 countries

**Immunization:**

39<sup>th</sup> out of 43 countries

## MONEY MATTERS

In addition to access to parental leave time, money matters. Time and money are related, as limitations in one tend to engender limitations in the other. Inequities in parental leave participation for families with different income levels are discussed above: when families have low incomes, they are less likely to be eligible for parental leave and less likely to take up leave to

which they are eligible. But they are also less likely to have adequate pay and more likely to take shorter leave.

In a 2021 UNICEF report, Canada ranked 19th among rich countries for its parental leave, based on a combination of duration and pay (not including Quebec, which has a higher pay rate). The gap between Canada and better performers is primarily explained by its lower rate of leave pay, at a maximum 55% or 33% of previous weekly earnings for standard and extended parental leave, respectively (which averaged closer to 51% in practice in 2020). Out of 36 OECD countries, Canada and Japan have the lowest wage replacement rates.

Canada is falling farther and farther behind international standards in parental leave pay. It fails to meet the ILO Maternity Convention minimum standard of two-thirds (67%) of earnings. An indicator used by the European Commission in monitoring member states' progress in meeting Employment Guidelines (European Commission 2010 *Indicators for monitoring the Employment Guidelines including indicators for additional employment analysis*) similarly establishes a minimum of 66% earnings replacement for parental leave. A review of evidence from other countries in the Organization for Economic Cooperation and Development (OECD) suggests that a benefit equivalent to at least 80% of wages is necessary for families to meet their essential needs and

to facilitate leave-taking among men.<sup>22</sup> An international study of parental leave policies concluded that Canada is not among the countries providing 4 to 7 months of “well paid” post-natal leave, which includes a number of Western European countries, New Zealand and Brazil.<sup>23</sup>

**The wage replacement rate is important because the length of leave to which a parent (and their infant) is entitled really only matters if they have sufficient income to cover their household bills—at a time when those bills are particularly high for newborn needs.**

Given that the average mother collects CAN 20 000 while on leave, it is far from a windfall and below the poverty line for an annual income. A common reason for not taking leave among those eligible for it (or taking short leave) is the low wage replacement rate, which simply makes it unaffordable for many families.

Higher-paid parents are more likely to take up leave since their pay rate is higher and they are more likely to have other resources to draw on. Lower-income mothers are not only less likely to take up parental leave, they are also less likely to take longer leave. Short leave-takers (returning to work five months or less after childbirth) had an annual income below CAN 16 000 and a family income below

CAN 40 000, despite the existence of a Family Supplement for very low-income earners that raises the wage replacement rate from 55% to 80% (the rate is 100% under QPIP). The Family Supplement is an inclusive feature of both EI and QPIP; however, the average benefit pay is extremely low (below poverty income thresholds); its utility is very limited (it is accessed by less than 5% of all new EI claims); and the total number of claimants receiving it has fallen each year since 2001-2002 largely because the eligibility threshold has been constant since 1997 (at a net annual income of less than CAN 25 921) while the average family income has risen. The QPIP has aligned the low-income supplement to the minimum wage and indexed it to wage increases.

The percentage of mothers returning within 12 months of leave has fallen over the past decade among high-earning mothers but risen among low-income mothers (with an hourly wage less than \$15) and those without parental leave benefits.<sup>24</sup> Research suggests that it may be difficult to take a long break from a low-paying job because of financial difficulties or the type of job. One study found that employers reported a low uptake of extended parental leave

<sup>22</sup> Raub, A., Nandi, A., Earle, A., Chorny, N., Wong, E., Chung, P., Batra, P., Schickendanz, A., Bose, B., Jou, J., Franken, D., & Heymann, J. (2018). Paid parental leave: A detailed look at approaches across OECD Countries. WORLD Policy Analysis Center. [https://www.worldpolicycenter.org/sites/default/files/WORLD%20Report%20-%20Parental%20Leave%20OECD%20Country%20Approaches\\_0.pdf](https://www.worldpolicycenter.org/sites/default/files/WORLD%20Report%20-%20Parental%20Leave%20OECD%20Country%20Approaches_0.pdf)

<sup>23</sup> Blum, S., Koslowski, A., Macht, A., and Moss, P., eds. (2018). 14th International Review of Parental Leave Policies and Related Research. International Network on Leave Policies and Research.

<sup>24</sup> Choi, Y. 2023. The likelihood and timing of mothers returning to work after parental leave. Statistics Canada Economic and Social Reports, Catalogue no. 36-28-0001 Vol. 3, no.3, March 2023.

among employees because of its lower monthly EI payment.<sup>25</sup>

Parental leave pay also has an equity fault line by age. Parents of young children tend to have lower incomes than parents of older children, and the earnings of birthing people tend to drop following the birth of a child. Yet the EI coverage rate for claimants under age 24, those more likely to need income support, is around 60% compared to 76% for those ages 30 to 34.<sup>26</sup>

*“Parents are often forced to choose between continuing to work rather than taking parental leave and living in poverty. For many families, the first year of a child’s life is therefore a life in poverty.”<sup>27</sup>*

In this regard, Canada’s parental leave system relies heavily and increasingly on private spending supplemented by employers or unions (for some portion of the leave taken). A 2020 survey conducted by Statistics Canada found that 41.9% of Canadian workers had access to Supplemental Maternity, Paternity, Parental or Employment Insurance income as an employer-provided benefit.<sup>28</sup> A 2023 Statistics Canada report found that in 2022, 55.7% of employed women ages 20 to 49 reported that they had access to employer-provided maternity or parental benefits.<sup>29</sup> Access to this supplemental income is far

more prevalent among workers with higher incomes and with permanent jobs than among fixed contract, temporary, seasonal or on-call workers. Over time, employment-based benefits may contribute to growing inequality as the prevalence of secure work declines and employees with more secure work have increasingly generous private employer benefits. Relying on private employment benefits is not an equitable solution for the parental pay gap.

International research finds that because fathers are the primary earners in many families and face workplace pressures over taking leave, incentivizing them to take leave requires a wage replacement rate of at least 70%. Many other wealthy countries offer higher pay to increase parental leave uptake.

Whether and to what extent parental leave is paid is important for children’s health and well-being. **Adequate parental leave pay can help prevent a fall into poverty, at precisely the point in a child’s life when the prevalence of poverty in Canada is the highest and the most devastating.**

The brains of infants are especially malleable and sensitive to new experiences, making the events of a baby’s first months critical for their future health and development. Families with low

<sup>25</sup> Pettigrew, R. 2020. “Canadian employers’ reaction and policy adaptation to the extended, 61-week parental leave.” *Canadian Studies in Population* 47: 97–109.

<sup>26</sup> Evaluation of the Employment Insurance Maternity and Paternity Benefits (2023), Employment and Social Development Canada.

<sup>27</sup> Transforming our systems: The 2022 Report of the National Advisory Committee on Poverty. Employment and Social Development Canada.

<sup>28</sup> Statistics Canada (2020). Aspects of quality of employment in Canada, The Daily, February and March 2021. Available at: <https://www150.statcan.gc.ca/n1/daily-quotidien/210322/dq210322a-eng.htm>

<sup>29</sup> Statistics Canada, Quality of Employment in Canada: Parental Leave 1997 to 2022, 2023.



incomes who have infants face barriers that limit their ability to invest in supports for child development, such as sufficient nutritious food, safe and stable housing, learning materials and high-quality childcare and programs. In addition, families with low incomes **face stressors** that can further undermine all members' mental health and relationships. As a result, being part of a family with a low income can have a profound effect on a **child's development**. Paid parental leave (of shorter duration) boosts parental employment and lowers the risk of poverty. In high-income countries, each additional week of paid parental leave is associated with a 4.2% lower chance of single mothers living in poverty, and robust parental leave policies are associated with a lower risk of poverty among two-parent families.

A cross-sectional study from Brazil found that among mothers who were exclusively breastfeeding, 91% were on paid maternity leave, and these mothers had higher rates of exclusive breastfeeding when compared with mothers who were on unpaid leave or did not have a source of income while breastfeeding. Several studies from high-income countries have found that more generous paid maternal leave was associated with higher immunization rates. Research also shows that paid maternity leave can reduce infant mortality by 13% for each additional month of leave.

➤ **How does Canada compare to other wealthy countries?**

**Parental leave available to mothers:**

19<sup>th</sup> out of 41 countries

**Dedicated leave available to fathers and second parents:**

16<sup>th</sup> out of 41 countries

## MORE FLEXIBILITY FOR FAMILIES

**Every child is different, every family is different, and they all have different needs. Canada should further increase flexibility in the parental leave available to every newborn child.**

Families are more likely to take leave that provides them with flexibility to meet their distinct needs. Canada acknowledged as much when it introduced an option for extended parental leave in 2015. Instead of wage replacement at 55% over 55 weeks, parents can share up to 69 weeks of leave at 33% of previous earnings. This effectively allows new parents to receive the same amount of pay but spread out over a longer period. As discussed above, the standard wage replacement rates act as a barrier to low-income households, and especially single parents, some of whom cannot float household expenses at the 55% replacement rate—not to mention taking up the option of longer leave time at even less pay.

**An area where increased flexibility could be explored that would equitably increase child and family well-being is**

**expanding prenatal access to additional benefits** - in recognition of a growing awareness of the impact of work-related stress on infant gestation and health. The benefit collection period for maternity leave is currently up to 12 weeks in the prenatal period (up from 8 weeks), but this is subtracted from the time the child has with their parents following birth. Maternity leave entitlement can be extended in some jurisdictions for up to 6 weeks if the child or the mother has health-related complications (e.g., in British Columbia this applies to the child if they have a physical, psychological or emotional condition that requires additional care). A distinct period of prenatal time and a universal period of extra time for parents of children with complex needs should be considered, in the best interests of the child.

**The ability to “bank” a certain amount of leave days over the childhood years as child and family needs change is another important policy consideration.** For instance, children with disabilities and other complex health and learning needs often need more parental time at specific periods throughout childhood. In some jurisdictions, leave may be taken part-time and its length increased accordingly, or part of the leave period may be deferred and used at any time until a child reaches a certain age. Quebec parents have a bank of 10 days which they can defer and use within the next 3 years without needing to obtain authorization from their employer. In Sweden, parenting leaves are taken in days rather than weeks, and leave time can be used in many different ways, in one or several blocks of time with full-time and part-time options, at any time until a child

turns 12 (with the provision that only 96 days can be used after a child turns four). This type of flexibility is most likely to disproportionately benefit children and parents who are socio-economically disadvantaged and in insecure employment, who are typically less able to take time from work for child caring.

## DETAILED RECOMMENDATIONS

While parents benefit from child caring leave, the primary beneficiaries are children, who rely on the quality of the nurturing they receive in their critical first months. An income replacement policy that excludes a third of infants and their parents by design has lost its relevance. Sustaining the anchor of parental leave in the EI system would be a path-dependent approach to change and might be considered the path of least resistance. For example, adopting the QPIP model to increase access, with its lower barriers to eligibility and higher rate of pay, would require a range of fairly incremental administrative changes: among them a wider range of employment types; automatic enrolment; an individual eligibility for secondary caregivers; and elimination of the requirement of continuous attachment to one employer. Further EI-based tweaks could include extending the reference period for eligibility when a parent is released from their employment just before or just after taking parental leave (e.g., from 52 to 104 weeks as for other reference period extensions in the *Employment Insurance Act*) and the possibility to extend combined benefits.

However, some these improvements might rest on changes that apply to the whole EI system and necessitate complicated administrative reforms. This approach would still perpetuate unnecessary equity fault lines: for instance, it requires prenatal attachment to work (which still excludes around one in ten mothers even in the QPIP system); a flat-rate earning requirement (currently CAN 2 000 in the QPIP) requires relatively more work-hours by lower wage employees; and parents earning higher wages still receive greater benefits.

Canada has loaded a lot of social policy into our employment insurance policies. In an employment-based system that hinges on the precondition of labour attachment, leaves are a form of wage security that covers a limited group of potential participants. This approach will always leave some infants out and more exposed to the risk of impoverished time and resources for their care and social protection. This is a flawed policy platform for achieving equitable government support for the work of infant care. As long as access to parental benefits remains tied to labour attachment, there is an ongoing risk of reproducing socio-economic inequalities for Canadians from birth. That is, some infants will receive state-regulated parental care while a significant proportion will not have the same privilege due to the employment status, location and income and therefore the age, gender and race of their parents. Furthermore, the constraints of asking workers and employers to pay higher EI premiums is often cited by policymakers as a reason not to make improvements to its benefits.

If we start from a different place, a recognition that paid parental benefits should provide time and income security for every infant and their primary caregivers, then parental leave must have a different kind of policy architecture. It must be designed as a care and social protection policy, for caregivers (parents) and care-receivers (infants and young children). Unlike those who use EI benefits during unemployment, parents are typically not looking for paid work when they are on parental leave, nor should they feel compelled to. They are caring for a newborn child. Ultimately, for a parental leave system to consider every child as equal, a universal *caregiving benefit* for new parents that offers time and money, regardless of previous work history, is required.

Parental benefits are also *social protection* policies whose design includes questions of who pays and who benefits. As an income-replacement policy, parental leave is contrary to the design of other social policies. Currently, the annual payout of parental leave EI benefits is around CAN 4 billion – representing close to one-quarter of all EI benefits. Around 370,000 Canadians draw down parental benefits each year. This payout is much smaller than most other social protection policies including the CCB and Old Age Security, but unlike other such programs, it disproportionately benefits the most advantaged children and families. That families who are relatively well-off receive relatively more money under Canada's parental leave system is inequitable and counterproductive to policy coherence.

Canada's child-focused income benefits (including the CCB) and childcare policies are generally designed to provide the most benefit to the most disadvantaged children. As a universal caregiving social policy, parental leave would be more akin to the design of the CCB.

Just as the CCB, and now childcare, have taken a central place in the federal government's social policy agenda, so too should the third of the "family-friendly" policy trifecta: parental leave. Now is the time to depart from path dependency in the advancement of parental leave benefits. In the 2019 federal election campaign, the Liberal party promised "ambitious" reforms to parental leave. This was to be partly achieved through a Guaranteed Paid Family Leave Program that would integrate the CCB and parental benefits. The intent was a "mixed" approach (a combination of employment insurance and citizenship entitlements or social policy) to ensure parents who do not qualify for paid leave through EI would in combination with the CCB "receive a guaranteed income during the first year of their child's life." During and since the 2019 federal election, every major party platform included a commitment to consider further reforms to parental leave. Other federal and provincial political parties have variously expressed support to address shortcomings in inclusiveness and pay; allow pregnant women and new mothers currently on EI to receive their full maternity leave benefits regardless of the number of insurable hours worked; introduce distinct prenatal benefits; and offer compressed leave time at higher pay. In April 2023, Employment and Social Development Canada released an

*Evaluation of the Employment Insurance Maternity and Parental Benefits*, reflecting on expanding access to leave benefits, increasing benefit levels and ensuring wider access for diverse populations. One of its two recommendations is that the Government of Canada "explore approaches to improve eligibility and access" to parental leave. It also contemplated the conversion of parental leave as an income replacement program into a social policy tool, suggesting the government should consider whether to carve out the social policy objectives from the EI program or assist in the funding of the EI program through general tax revenues. It's time to make good on the promise to design parental leave policies that work for diverse families—for every child—in a changing society.

**UNICEF Canada recommends that every child have the entitlement of no less than 6 months (26 weeks) of protected and adequately paid time with a parent or primary caregiver from birth, regardless of employment status.** This "infant income guarantee" might be coordinated with the CCB, and should be available with a universal floor of non-taxable pay equivalent to the national average earnings. The first 15 weeks could be dedicated to mothers normally eligible for maternity leave, and the remainder could be shared with a second caregiver. The duration should not be compressed to less than 26 weeks and the pay should not fall below the poverty line.

A variable system could also offer a condensed benefit for eligible recipients in the EI system, where a higher replacement



rate is paid out over a shorter period. For example, the current program could provide the option of 6 months of leave at 100% wage replacement (based on the best week of pay in the previous year, with a higher floor and ceiling similar to QPIP). Following that period, employees who qualify for EI could continue to access parental leave aligned with that system (e.g., the remaining weeks of parental leave in the standard or flexible options at their respective rates of pay). A similar variable approach is used in a number of countries. While this approach would continue some inequality in access to paid leave time and pay, it would recognize the need for wage continuity and job protection while increasing positive impacts for all children and parents.

This approach would:

- support a more comprehensive, child-centred view of parental leave as a benefit to support caregiving and care-receiving rather than simply as leave from work
- increase equity by eliminating many systemic exclusions of those who need the most support
- improve social protection and resilience to economic and other shocks
- promote coordination and coherence with complementary areas of policy, primarily the CCB and childcare
- improve children’s material security, health and development
- better achieve many policy goals including gender equity

Some high-income countries are moving towards “mixed” systems of universal, inclusive parental leave. They are providing both employment-based entitlements and social entitlements, with the latter offering some version of an acceptable minimum income for families with children: a “Guaranteed Annual Income for Infants.” Canada is one of the few advanced economies in which the federal/national government does not contribute to parental leave through general revenues. In 42 countries worldwide, parental leave is funded as social protection.

An accessible, adequately paid parental leave policy of 6 months of leave has design analogs in Canada and in other rich countries:

- Since 2006, new parents in Quebec have had a choice of a higher income (75% of earnings) for a shorter leave time of 25 weeks (the special plan).
- In 2023, the annually adjusted maximum insurable income in Québec was CAN 91 000 (1,225 weekly), compared to CAN 61 500 (650 weekly) in the rest of Canada (533 on average in practice for mothers receiving the standard benefit).
- Access to parental leave in Quebec requires a parent to work the equivalent of 153 minimum-wage hours during the qualifying period, a lower bar than for EI.
- During the pandemic, a temporary EI change reduced the eligibility requirement from 600 to 120 insurable hours of employment in the

52 weeks before a claim, and support was extended to seasonal workers.

- During the pandemic, individuals who lost income due to caring for a child and who were not eligible for EI benefits could apply to receive the Canada Recovery Caregiving Benefit (CAN 500 per week for up to 26 weeks).
- In Quebec, contract, “gig” and self-employed workers are eligible for parental leave.
- Low-income families can qualify under QPIP for a maximum of 100% of average insured earnings. The specific amounts of benefits received depends on family net income and the number and ages of children in the family (under 18).
- Some countries provide a universal public allowance to new parents who are ineligible for insurance benefits or a grant following the birth or adoption of a child.
- Thirteen OECD countries offer a mother with average earnings full compensation across maternity leave. Although the maximum remuneration is quite low, New Zealand offers a 26-week paid primary-carer leave at 100% of earnings up to a ceiling. The leave is funded through general tax revenue.
- Finland provides for a period of pregnancy (prenatal) leave.
- In Québec, since 2022, QPIP offers five additional benefit weeks at 70% pay to each parent in case of multiple births or adoptions (three

weeks at 75% under the special plan).

## Summary of Recommendations

1. Make parental leave a child-inclusive and equitable benefit. Guarantee to every child, regardless of parental status, the entitlement of no less than 6 months (26 weeks) of protected, adequately paid time with a parent or primary caregiver from birth, regardless of their employment status or parental status (inclusive of adoptive, kin and customary caregivers).<sup>30</sup> This should be available with a universal floor of non-taxable pay equivalent to the national average earnings.
2. Design parental leave as a universal care and social protection policy for children and their parents, de-anchored from employment insurance and coordinated with other child income benefits as a public investment.
3. Ratify, implement and enforce the ILO Maternity Protection Convention, 2000 (no. 183) and associated Recommendations (R191) and the Workers with Family Responsibilities Convention, 1981 (No. 156).

<sup>30</sup> The PBO estimated a proposed new EI attachment benefit for adoptive and intended parents (parents of

children born through surrogacy) will cost \$88 million over 2023-24 to 2027-28 (5 April 2022).

4. Standardize and harmonize employment standards legislation across Canada to the highest provisions and guarantee a universal entitlement to at least 26 weeks of protected parental leave time.
5. Increase the flexibility of a portion of parental leave that can be taken in blocks of time, on a full-time or part-time basis, across several years of childhood.
6. Provide a supplement for prenatal leave, leave for multiple and premature births, leave for single parents and leave for parents of children with complex needs.
7. Reform federal, provincial and territorial employment standards laws to introduce a breastfeeding break up to 18 months following the birth of a child, consistent with the majority of wealthy countries.
8. Eliminate the practice of cutting parental leave benefits as a means of debt recoupment (e.g., debt incurred through EI and CERB related payments) given the potential negative impacts on infants. Review the taxation of parental leave benefits for individuals with incomes below the median.
9. Eliminate the 50-week limit on combined special benefits and regular benefits, extending the reference and benefit period to 104 weeks, so employees who face a layoff before or after a parental or caregiving leave are not denied EI benefits.
10. Conduct a consultation on the barriers to uptake of parental leave.
11. Incorporate Child Rights Impact Assessment (CRIA) as a requirement of the policy development process in every jurisdiction and government department, to help ensure children's rights and give greater priority to children's needs and interests. Apply CRIA to the reform of parental leave policy so that the best interests of the child guides policy design and decisions.

## **ADDITIONAL UNICEF RESOURCES**

[Where do Rich Countries Stand on Childcare? \(2021\)](#)  
 Breastfeeding and Family-Friendly Policies: An evidence brief  
 Family-Friendly Policies: Redesigning the workplace of the future – a policy brief  
 Paid Parental Leave and Family-Friendly Policies: An evidence brief  
 Families, Family Policy and the Sustainable Development Goals  
[UNICEF Report Card 16](#) (Canadian Companion)  
<https://www.unicef.org/early-childhood-development/family-friendly-policies>  
<https://www.unicef-irc.org/family-friendly>

## Family-Friendly Policies

For children, families, societies and economies to thrive, countries need “family-friendly” policies. “Family-friendly” policies typically provide time, resources, services and rights in the critical childhood years and include income benefits, childcare and parental leave. These policies support a good start for all, and lay the foundation for children’s success in school, the attainment of lifelong health and the ability of children and families to exit poverty. They are also core public policies because they bring high returns for well-being, gender equality, sustainable growth, productivity and economic advancement. “Family-friendly” policies have features of both care policies and social protection policies. According to the ILO, *care policies* refer, in part, to “public policies that allocate resources in the form of money, services or time to caregivers or people who need care” and *social protection policies* include “policies that facilitate parents’ involvement in both direct care and paid employment, such as paid maternity, paternity and parental leaves”.

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Contact our Canada policy specialists:  
[lwoff@unicef.ca](mailto:lwoff@unicef.ca); [thamilton@unicef.ca](mailto:thamilton@unicef.ca)

## ABOUT UNICEF CANADA

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