

# Parental Leave: For Every Child

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**UNICEF Canada Policy Discussion Paper**

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Canada's parental leave system is exclusive. It privileges families with stable employment and higher incomes, depriving about one-third of infants from time with a parent or primary caregiver that is both protected and paid during the most critical time of life.

Every child begins life full of potential, but without the right policies in the early years this potential is eroded. For individual children and their families this loss of potential is a tragedy; for society it is catastrophic. Early moments matter and depend on inclusive and adequate "family-friendly" policy support including income, childcare and parental leave. Every family deserves the time to care for their newborns. Every child has the right to care.

## Summary of Recommendations

1. **Guarantee a minimum of six months – ideally one year – of adequately paid protected time with a parent or primary caregiver for every newborn from birth.**
2. **Design parental leave as a social protection and care policy.**
3. **Increase parental leave pay to an affordable standard that meets infant needs.**
4. **Apply Child Rights Impact Assessment (CRIA) to policy reform.**
5. **Ratify, implement and enforce ILO Maternity Protection Convention 2000.**

### WHAT IS PARENTAL LEAVE?

Parental leave in this paper is paid and protected time around the birth, adoption or caregiving placement of a child including maternity, parental and paternity second parent leave.

## An Unfair Start

Canada's system of parental leave is constructed primarily as an employment benefit for some parents, not as an inclusive and equitable social protection and care policy. Where does that leave children?

The current system excludes many children, primarily due to a combination of restricted eligibility and low pay. In Canada, although there are legal rights to unpaid parental leave, only employed parents who meet certain eligibility requirements can receive parental leave pay. Parental leave is anchored to employment insurance (the Employment Insurance or EI program outside Quebec and the Quebec Parental Insurance Program or QPIP).<sup>1</sup> Unemployed residents, those with jobs that do not meet eligibility criteria (including those who are underemployed, precariously employed, self-employed, "gig" workers and those in unregulated work), full-time students and young mothers are more likely to be excluded from parental leave, though all bear the higher expense of caring for infants.

<sup>1</sup> <https://vanierinstitute.ca/policy-brief-access-to-parental-benefits-in-canada/>

## THE “ONE IN THREE” NO CHILD SHOULD BE

According to recent modelling commissioned from Statistics Canada by UNICEF Canada and partners, 119,400 newborns in Canada are in families that don't receive any leave benefits from either the EI or the Quebec systems. These newborns represent about 37% of the total number of newborns in Canada each year. About 25% of these newborns live in households with annual incomes under \$50,000.

**In 2022, only 51 per cent of people ages 15 to 49 believed that they would have access to sufficient maternity, paternity or parental leave.<sup>2</sup>**

## A COMPLEX WEB THROUGH WHICH SOME CHILDREN FALL

Canada has a complex parental leave system that includes paid parental leave through employment-based insurance benefits; employer- and union-sponsored wage-compensation benefits; and diverse employment standards laws across fourteen federal, provincial and territorial jurisdictions to establish job-protected, unpaid leave time around the birth or adoption of a child. Each part of the system creates inequalities for children and parents.

# Because Early Moments Matter: A Child-Centred Approach to Parental Leave

Children have the right to parental care and social protection, pursuant to the Convention on the Rights of the Child (articles 18, 26 and 27). We can deliver on this commitment by ensuring full and equitable access to Canada's parental leave system:

1. **Guarantee a minimum of six months – ideally one year – of adequately paid, protected time with a parent or primary caregiver for every newborn from birth**, regardless of their parents' or primary caregivers' employment or parental status (inclusive of adoptive, kin and customary caregivers). Income enhancement could be provided through the Canada Child Benefit to be universally available and adequate to protect children from deprivation (e.g., with a floor of non-taxable pay equivalent to the average annual family income). Employment insurance may be the optimal anchor for employed parents, but eligibility should be expanded and adequate pay provided. To support uninterrupted leave, new parents should be entitled to full employment income (with a ceiling) for at least the first six months of parental leave, with remaining pay at or above two-thirds of their salary.

<sup>2</sup> Statistics Canada, Canadian Social Survey – Well-being and Family Relationships, 2022; Canadian Social Survey – COVID-19 and Well-being, 2021.

2. **Consider the design of parental leave as a social protection and care policy** to enable all children to have paid, protected time with parents regardless of their employment status, which might be de-anchored from employment insurance or a mixed system coordinated with other child income benefits to ensure an “Infant Income Guarantee”.
3. **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.
4. **Increase and protect parental leave pay** so that it is child-focused and adequate to make taking time with a newborn affordable and to prevent poverty during these critical early years. Exempt parental leave income from EI claw backs; eliminate the practice of cutting parental leave benefits as a means of debt recoupment (e.g., debt incurred through EI); and eliminate the taxation of parental leave pay at least for individuals with incomes below the median. A child-focused entitlement could avoid pay inequities for multiple births and single parents. Overall, the cost of improving the adequacy of income support for parents of newborns is very low compared to other social policies: there are only around 350,000 children born annually in Canada.<sup>3</sup>
5. **Ratify, implement and enforce ILO Maternity Protection Convention 2000** (no. 183) and associated Recommendations (R191) which set a minimum standard of 14 weeks of maternity leave and a minimum pay of 67 per cent of earnings. Ratify the Workers with Family Responsibilities Convention, 1981 (No. 156). Standardize and harmonize employment standards legislation across Canada to the highest provisions; guarantee a universal entitlement to at least 26 weeks of protected parental leave time; and introduce a breastfeeding break of up to 18 months following the birth of a child.
6. **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 to enable parents to respond to children’s emerging and changing needs.
7. **Conduct a consultation on the inequalities and barriers** limiting uptake of parental leave.

## TIME MATTERS: THE BENEFITS OF PARENTAL LEAVE

“Leave from what?” is a key question concerning parental leave. “Leave” is by definition related to time – time for care-giving and care-receiving rather than other responsibilities such as paid employment. Leave from paid employment hinges on job protection that is mainly secured by employment standards legislation. In addition to job protection, parental leave can be more broadly considered as protected time: a period during which newborns should be entitled to receive care and new parents or caregivers need not be financially compelled to seek paid employment that would detract from the care they want to provide. Ultimately, leave time is partially dependent on leave

<sup>3</sup> Statistics Canada. [The Daily — Births and stillbirths, 2023](#)

income, because inadequate parental leave pay is associated with short job leaves that are less than optimal for nurturing care.

Parental leave is time that matters. Parental leave has the potential for a wide – in fact, an overwhelming – range of positive impacts that help get infants off to the best start and “nurture the future” by advancing many interlinked Canadian policy priorities, including poverty reduction and equity; economic advancement; gender equality; quality of life and well-being; intergenerational equity; and achieving the Sustainable Development Goals. Parental leave promotes the well-being of all family members. It enhances parent and child bonding; breastfeeding; vaccination rates; healthcare access; mental health; and equitable household responsibilities. It reduces the risk of preterm birth, infant mortality, family violence and toxic stress — areas where Canada faces challenges.<sup>4</sup> 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 historically the highest and the most devastating. Evidence suggests that in most settings, the beneficial effects of parental leave on child and parent well-being are most associated with the first six months. But parental leave should be long enough to provide parental care until affordable and quality infant care is available, since it is scarce and expensive. It should be flexible so that leave can be taken when a child is sick, injured or requires complex care – situations not suited for the Canada Recovery Caregiving Benefit. Globally, 119 countries have devised flexible ways for parents to take leave from work for caregiving.

## Money Matters

The benefits of paid parental leave can only be realized if parents are both eligible for it and can afford to forgo wages and take the leave in practice. But parental leave pay outside of Quebec falls well below international standards and norms. Parental leave replaces only 55 per cent of weekly earnings for up to 12 months (in practice, the average pay in 2020 was 51 per cent), falling to 33 per cent for extended leave (12-18 months).<sup>5</sup> Given that the average mother collects \$20,000 while on leave, and many parents collect far less, it is far from a windfall and for many, falls far below the poverty line for an annual income.

As of 2021, out of 42 countries of the Organization for Economic Cooperation and Development (OECD), only Ireland and the United Kingdom had lower average maternity leave pay than Canada.<sup>6</sup> More than half of high-income countries provide at least six months of fully paid parental leave. International evidence suggests an 80 per cent wage replacement rate is necessary to support children’s essential needs and encourage paternal/secondary parent leave. The International Labour Organization Maternity Convention and the European Commission set 67 per cent and 66 per cent, respectively, as the minimum earnings replacement for parental leave.

Inadequate parental leave pay is the result of inadequate investment in parental leave. Public expenditure on maternity and parental leave is as high as \$76,300 USD per child born in Luxembourg, with an OECD average of \$16,600 USD per child. Canada falls below the average at around \$13,000 USD, ranking 13<sup>th</sup> of 27 countries.<sup>7</sup> An international study of parental leave policies

<sup>4</sup> <https://www.unicef.org/sites/default/files/2019-07/UNICEF-Parental-Leave-Family-Friendly-Policies-2019.pdf>

<sup>5</sup> [https://www.oecd.org/els/soc/PF2\\_1\\_Parental\\_leave\\_systems.pdf](https://www.oecd.org/els/soc/PF2_1_Parental_leave_systems.pdf)

<sup>6</sup> [https://www.oecd.org/els/soc/PF2\\_1\\_Parental\\_leave\\_systems.pdf](https://www.oecd.org/els/soc/PF2_1_Parental_leave_systems.pdf)

<sup>7</sup> [https://www.oecd.org/els/soc/PF2\\_1\\_Parental\\_leave\\_systems.pdf](https://www.oecd.org/els/soc/PF2_1_Parental_leave_systems.pdf)

concluded that Canada is not among the countries providing four to seven months of “well paid” post-natal leave, which includes a number of Western European countries, New Zealand and Brazil.<sup>8</sup>

In effect, many parents lack sufficient resources – time and money – to care for their children and protect them from poverty at the most critical time of life. Unlike the aims of childcare and child income benefits, parental leave is in effect a regressive policy.<sup>9</sup> Higher-earning parents are more likely to take parental leave, and take it for longer, since their pay rate is higher and they are more likely to have other resources to draw on. But when families have low incomes, they are less likely to be eligible for parental leave and less likely to take up parental leave or take it for the optimal duration of at least six months. They are also less likely to have adequate parental leave pay. In 2019, only 50 per cent of families with less than \$20,000 annual income accessed parental leave compared to more than 80 per cent of families with an income above \$60,000.<sup>10</sup> Only 15 per cent of leave-takers opt for the extended (18 month) option. Short leave-takers (returning to work five months or less after childbirth) had an annual income below \$16,000, despite the existence of a Family Supplement for very low-income earners that raises the wage replacement rate from 55 per cent to 80 per cent (the rate is 100 per cent under QPIP). A more adequate benefit floor would reduce the financial burden on new parents, making it more feasible for them to stay home with their newborns for longer.

As a result, parental leave is more likely to exclude the children who could benefit the most from inclusive support including children in Indigenous, racialized and new immigrant families and those with young mothers. Yet the expenses that come with a newborn are more difficult to manage for low-income families. For instance, the proportion of income spent on childcare by female lone-parent families is higher than for other family types, yet they are most likely to have lower incomes.<sup>11</sup> This effect has been described as an equity gap between “parental leave rich” and “parental leave poor” households.<sup>12</sup> With inflated costs for housing and food on top of additional expenses for the birth of a child, new parents face growing financial pressures.

The economic benefits of paid parental leave are substantial and accrue to families, businesses, and countries. Families benefit by having income at a critical time when their infants are born or adopted, and families’ needs increase. In high-income countries, each additional week of paid parental leave is associated with a 4.2 per cent lower chance of single mothers living in poverty.<sup>13</sup> Access to leave is associated with increased employment and earnings for mothers. Rather than disincentivizing workforce participation, family-friendly policies increase the likelihood of women returning to work after maternity leave, job retention and labour force attachment.

Some infants start life in families with greater access to time and money for parental caregiving, while others are raised in households with a poverty of support for child social protection and care. Parental

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<sup>8</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>9</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.

<sup>10</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>11</sup> Statistics Canada. [Table 11-10-0080-01 Proportion of annual family income spent on child care, by economic family type](https://doi.org/10.25318/1110008001-eng) DOI: <https://doi.org/10.25318/1110008001-eng>

<sup>12</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>13</sup> [www.unicef.org/media/95051/file/Family-friendly-policies-EN.pdf](http://www.unicef.org/media/95051/file/Family-friendly-policies-EN.pdf)

benefit policies should not be a door through which infants are introduced to inequalities from birth, but rather a targeted policy approach to ensuring all children have the best start in life.<sup>14</sup>

## CRUNCHING THE NUMBERS

In collaboration with Dr. Paul Kershaw of Generation Squeeze and members of the Rethinking Care/Work SSHRC partnership<sup>15</sup>, UNICEF Canada used Statistics Canada's Social Policy Simulation and Database Model to estimate aggregate costs and distributional outcomes, of potential policy changes to Canada's EI-based parental leave system inspired by the model currently in place in Quebec. Four scenarios were explored, all based on a principle of universal access - meaning that every newborn in Canada would be eligible to benefit. This change alone would **make another 119,400 families eligible for support who are currently missing out**. The costing below can be used to support additional policy dialogue. It presents an option that would focus on protecting the most vulnerable populations as a priority first step.

Current access gaps disproportionately affect socio-economically disadvantaged families, with the highest rate of non-leave taking among households with the lowest incomes. In fact, this modelling shows that only 38% (or 11,700) households with a newborn receive leave support when their incomes are below \$25,000. To address this gap, the government could introduce focused changes to the parental leave system to ensure that the one-quarter of newborns in households with incomes under \$50 000 have a minimum leave benefit of \$710/week for at least one year. This would increase by 161% the number of very low-income households accessing leave – benefitting 18,800 households with a newborn in this income bracket. It would increase by 4,500 households (or 39%) the number of families with income between \$25,001 and \$34,666; and increase by 7,600 households (or 53%) the number of families with incomes from \$34,667 to \$49,226).

This targeted approach would only cost \$2.2 billion annually, ensuring protection for the most vulnerable newborns with relatively minimal fiscal impact. In short, for an average cost of about 53 dollars per person living in Canada, the government could lift approximately 24 000 families out of poverty based on the Low Income Cut Off (LICO) for a family of three in major cities.

There is no shortage of research which demonstrates that experiencing economic disadvantage in early years leads to gaps in educational, physical, and mental health outcomes.<sup>16</sup> Inequality not only impacts the realization of children's rights, but it has the potential to impact the social and economic prosperity of society writ large. As noted above, robust parental leave also incentivizes labour force attachment in the long-run, which is good news for the economy as a whole.

A based on a benefit length of 57 weeks (about one year). This modelling shows that when it comes to creating a more equitable and adequate parental options, policy makers have no shortage of options.

<sup>14</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.

<sup>15</sup> \* Dr. Andrea Doucet of Brock University, Dr. Lindsey McKay of Thompson Rivers University, and Dr. Rachael Pettigrew of Mount Royal University

<sup>16</sup> Clarke, C. and O. Thévenon (2022). "Starting unequal: How's life for disadvantaged children?", *OECD Papers on Well-being and Inequalities*, No. 6, OECD Publishing, Paris.

*“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>17</sup>*

## THE CHILD POLICY TRIFECTA

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 the essential 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” policies<sup>18</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. These policies have features of both care policies and social protection policies. Care is a pressing issue in Canada, viewed by some as the “next frontier of public policy”, because family-friendly policies exclude many parents and children. Care and social protection support to raise happy and healthy children must be inclusive and adequate, accommodating a variety of family forms, non-standard work situations and the range of roles that parents have.

## An Infant Income Guarantee

Parental leave entitlement hinges on access by parents, instead of which children are entitled to benefit. 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 and the inadequate pay, which limits the equitable participation of low-income households and others in most need of social protection. Employment insurance is a flawed policy platform for achieving equitable government support for the work of infant care. This approach, even with incremental improvements to eligibility and pay, will always leave some infants out and more exposed to the risk of impoverished time and resources for their care and social protection, either because their caregivers are not eligible for EI or due to the nature of EI conditionalities, which are not designed primarily for special benefits like parental leave. For instance, every year roughly 3,000 female claimants who lost their job before the birth or adoption of their child are less likely to access their full parental benefit entitlements, because regular and special EI benefits are combined.<sup>19</sup>

Canada’s labour force participation rate for women in their prime working years reached a record high of 85.7 per cent in 2023 which means more women are likely to need parental leave.<sup>20</sup> An income

<sup>17</sup> Transforming our systems: The 2022 Report of the National Advisory Committee on Poverty. Employment and Social Development Canada.

<sup>18</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.

<sup>19</sup> <https://www.canada.ca/en/employment-social-development/corporate/reports/evaluations/ei-maternity-parental-benefits.html>

<sup>20</sup> <https://www.budget.canada.ca/fes-eea/2023/report-rapport/anx4-en.html>

replacement policy excluding a third of infants and their parents is outdated and irrelevant. It is time for a change.

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 parental leave policy starts with children's rights and best interests – sufficient time with adequate income for the parents and caregivers of every child – rather than with the unequal entitlements of adults or workers. Parental leave should be recast as a social protection and care policy and potentially coordinated with, or at least partially freed, from its anchor to a limited and inequitable employment-based system. Just as child benefits and 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. Universal access with adequate pay should be the primary goal of parental leave as part of an “infant income guarantee”.

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 and increasing benefit levels. It also contemplated parental leave as a social policy tool, suggesting that 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. The 2024 federal budget proposed measures to strengthen the care economy and social infrastructure including a Sectoral Table on the Care Economy that will consult and provide recommendations to the federal government, and consultations on the development of a National Caregiving Strategy. This is an opportunity to advance a coordinated approach to valuing care across departments including social protection, gender, health and labour, as every sector relies on the care economy.

## The Benefits of A Better Parental Leave Benefit

A comprehensive, child-centred approach to parental leave would have many benefits:

- improve children's material security, health and development at a critical life stage;
- increase equity by eliminating many systemic exclusions of those who need the most support;
- support caregiving and care-receiving;
- improve child and family social protection and resilience to economic and other shocks;
- promote coordination and coherence with complementary areas of policy, primarily the Canada Child Benefit and Early Learning and Childcare;
- achieve many policy goals including gender equity, quality of life, intergenerational fairness and the Sustainable Development Goals including target 5.4: recognition and value of unpaid care and domestic work.

## What Canadians Say

UNICEF Canada commissioned a Public Opinion Poll of a representative sample of 2,025 Canadians including 500 parents of children under age five in June 2024. There was **overwhelming support for parental leave in Canada**: the vast majority of Canadians, 91 per cent, agree that it is important for every newborn to have a caregiver who is provided with time and adequate income support for at least six months following birth. Almost every survey respondent (95 per cent) could identify at least

one positive impact of parental leave on children and their parents. The top three positive impacts they identified were: enhanced bonding (71 per cent), increased parental involvement in care (59 per cent) and reduced family stress and anxiety (59 per cent).

But parents across Canada say they need more support. Fewer than half (42 per cent) consider that current parental leave policies reflect the actual needs of Canadian families. Less than half of parents with children under 5 (48 per cent) said leave time was sufficient for the care they wanted to provide, and only 38 per cent said the time was sufficient to meet the needs of their child and family. Few survey respondents (31 per cent) believe that current parental leave pay is sufficient to care for a newborn and prevent economic hardship after the birth of a child. A total of 85 per cent of respondents said that adequate pay requires more than half one's salary. Relatedly, almost half of parents with children under age 5 (41 per cent) took or planned to take less than 6 months of parental leave. They also confirm that Canada's parental leave system is inequitable: parents with a university degree (74 per cent), who are married or in a common-law relationship (74 per cent), who are not a visible minority (72 per cent) and who were employed (71 per cent) were significantly more likely to be eligible than the average 68 per cent of parents. Job security, higher pay, and more flexibility in leave options are the top three areas that survey respondents identified for improvement.

***"Having a child is an extremely disruptive and challenging time. As a society, we need to cushion the impact it has on new parents, so they can both learn how to be parents and keep the lights on during one of the most challenging times of their lives."***

## About UNICEF Canada

UNICEF is the world's farthest-reaching humanitarian organization for children. With a presence in more than 190 countries and territories, we work tirelessly in the world's most complex situations to bring life-saving aid and long-term support to children and their families. From our role as the world's largest provider of vaccines, to supporting child health, nutrition and education, we are determined to create a better world for every child. And we won't give up.

UNICEF Canada works to address and advance children's rights in Canada and around the world. Our life-saving work for every child is funded entirely through voluntary donations. Visit [unicef.ca](http://unicef.ca) and follow us on Facebook, X/Twitter and Instagram to learn more.

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[www.unicef.ca/en/what-we-do/our-domestic-work/parental-leave](http://www.unicef.ca/en/what-we-do/our-domestic-work/parental-leave)

<https://www.unicef.org/early-childhood-development/family-friendly-policies>