

Looking Beyond the Surface: *An In-depth Review of Parental Benefits* **Final Recommendations Summary**

In 2002, Women's Network PEI, with assistance from an Advisory Committee made up of women representing PEI, NS, NB and NL, began research on the topic of maternity and parental benefits. This included literature and statistical reviews, focus groups, best practice reviews and consultations with elected MP's from all parties represented in the House of Commons, the FPT Ministers Responsible for the Status of Women, federal NGOs, policy think tanks, Senators, the Parliamentary Standing Committee on the Status of Women, and senior policy officials.

The research has indicated that there are inequities in the maternity and parental benefits currently available under the Employment Insurance Act. Due to their work histories and typical engagement in the work force, women in general are less likely to receive maternity and



parental benefits. In particular, women who are arguably the most vulnerable of Canadian parents (such as single mothers, teenaged mothers, low income women, women with low education, immigrant women, visible minority women, Aboriginal women and women with disabilities) are even less likely to receive maternity and parental benefits because they are least likely to be eligible for EI regular benefits.

Even those who are eligible for benefits often cannot take advantage of the wonderful opportunity to spend the first year with their newborn because of the low wage replacement or inadequate job protection.

These inequities continue to negatively impact many of the stated policy objectives of the Canadian government, including healthy child development, elimination of child poverty, development of a strong economy and workforce, minimizing of the negative effect of the aging population and improving women's health and equality.

RECOMMENDATIONS

In the short-term, we recommend that the benefits program remain within the EI system, which can be both an economic equalizer and a vehicle for social policy. To better serve the needs of Canadian women and their families, we recommend certain modifications be made to the existing program in five main areas of recommendation: *eligibility, flexibility, length and value of benefits, employment protection and access to information.*

I. ELIGIBILITY

In 1997, eligibility requirements changed from a minimum number of weeks to a minimum number of hours. This made it more difficult for certain groups to qualify for benefits, and in particular, those with non-standard work arrangements (part-time, seasonal, contract or self-employed). Women are particularly impacted by this change. In 2003, 28% of all employed women worked less than 30 hours per week.¹

The most vulnerable and marginalized women in Canada have also been particularly impacted by the change in eligibility criteria. Due to typically lower access to or participation in the workforce, teenaged new mothers, women with little education, low income women, single mothers, immigrant women, visible minority women, aboriginal women and women with disabilities are less likely than other women to be eligible for maternity and parental benefits. When they do qualify, they often receive a smaller benefit.

There is absolutely no way in the world you can get 600 hours. I worked every minute I could last year and towards the end someone else stayed home and let me get their hours but I still only had a little over 500. There were days I worked 17 and 18 hours and I was pregnant at the time. Sometimes you didn't have a day off for 2 weeks but you did it just to try to qualify.

Reach Back Over Three-to-Five Year Period Prior to the Birth of the Child

In 2001, approximately one in four women had not participated in the labour market in the twelve months preceding the birth of a child,² which excluded them from eligibility to maternity and parental benefits under the *EI Act*. A recent study on chronic unemployment in Canada³ revealed that women make up two thirds of the always unemployed group and 55% of the

¹ Women in Canada: Work Chapter Updates, Statistics Canada (2004), pg. 8

² 2001 Employment Insurance Coverage Survey, Statistics Canada, January 2004

³ Chronic Unemployment: A Statistical Profile, Bradley Brooks, Statistics Canada, 2005

chronically unemployed in Canada. In some instances, EI-eligible mothers have become pregnant again while on maternity and parental leave, making it extremely challenging to accumulate sufficient hours to qualify for EI and significantly reduces the likelihood she will be eligible for maternity and parental benefits at the time of her next child's birth.

Allowing "reach-back", similar to that allowed in the Self-Employment Benefit Program, for recipients of maternity and parental benefits would increase eligibility for EI benefits for those women who have had a break in their paid work.

Recommendation #1

We recommend that the federal government extend eligibility for maternity and parental benefits by changing qualifying requirements to allow for parents to reach back over the three- to five-year period prior to the birth of the child.

Self-Employed Women

Women-owned businesses are the fastest-growing part of the business sector in Canada, with women creating twice as many new businesses as men.⁴ In 2002, over 821,000 women in Canada were self-employed, totaling one-third of self-employed Canadians. The majority of these (59%) were between the ages of 20 and 45, childbearing age.⁵

Under the current EI maternity and parental benefits program, self-employed workers, with the exception of self-employed fishers, are not eligible for EI, excluding them from accessing maternity and parental benefits.

Recommendation #2

We recommend that the federal government extend eligibility for maternity and parental benefits by changing qualifying requirements to allow self-employed individuals the option to pay into the employment insurance program.

I am a hairdresser. Health wise it is very hard when you are not eligible for any benefits. While pregnant, I had to continue working in that environment, standing all day long working with hair colors and perm solutions and chemicals. You have nothing at all if you are self-employed.



⁴ Prime Minister's Task Force on Women Entrepreneurs, *Report and Recommendations*, Oct. 2003, p. 27

⁵ Canadian Statistics Canada, *Perspectives* (March 2003), Statistics Canada Catalogue no. 75-001-XIE

II. FLEXIBILITY

Under the current system, eligible parents have, for the most part, two basic options: stay home full-time or not. HRSDC has begun to do some testing of more flexible options with the introduction in 2002 of a pilot project aimed at giving mothers on preventative withdrawal⁶ from work some choice in options.⁷

I will be able to collect benefits only for three months because I have to take sick benefits before my baby is born. If I am not able to return to my job, I will have to go on social assistance. I don't want to be on social assistance. I love my job. I'll adjust my work hours and shifts so I will return to work for an extra year to cover that.

There are many examples of a more flexible menu of options in other jurisdictions, as well. In Sweden, parental benefits can be prorated to cover 25 percent, 50 percent, or 100 percent of time off from work. In France, parental leave can be taken as a full-time leave from work or part time (between 16 and 32 hours per week). Benefits are paid at 80 percent of earnings, up to a maximum, and can be pro-rated if taken only part-time.

Recommendation #3

We recommend the federal government create a menu of options which offer the flexibility required to meet the changing needs of consumers, businesses, and families.

III. LENGTH AND VALUE OF BENEFITS

Two-Week Waiting Period

The two-week waiting period currently in place for recipients of EI benefits is also in place for those receiving maternity and parental benefits, making Canada one of the only countries that has a two-week waiting period for maternity and parental



⁶ Pregnant and nursing women in the province of Quebec receive income replacement for preventative withdrawal if they are employed in a job that may pose a threat to their health or to the health of the fetus or baby.

⁷ Forthcoming paper, *Update Report of the Preventative Withdrawal Pilot Project*, Audit and Evaluation Directorate, HRSDC

benefits.⁸ If more than one parent accesses benefits to care for the same child, the waiting period of the second parent may be postponed. While this is a benefit to many families, it has resulted in gender discrimination. Over 90% of parents who serve the two-week waiting period are women.⁹

Recommendation #4

We recommend the federal government eliminate the unpaid two-week waiting period, and add an additional two weeks of paid maternity leave.

Weekly Payable Benefits

Canada has one of the lowest wage replacement levels in both developed and developing countries, placing a hardship on Canadian women in both high- and low-income brackets.

Although there is no official "poverty line" in Canada, there are at least two ways to measure poverty, the Low Income Cutoff (LICO) and the Market Basket Measure (MBM). In 2003, the LICO rate in Atlantic Canada was \$24,390 while the Market Basket Measure for Atlantic Canadian communities ranged from \$22,940 to \$25,434.¹⁰ The average weekly benefit for Atlantic Canadian parents is approximately \$292 per week¹¹ or \$14,600 for the year - almost \$10,000 less than the low income cut-off and anywhere from \$8000 - \$10,000 less than their local Market Basket Measure. Even the *maximum* maternity or parental benefit, \$20,650 for the full 50 weeks, is well below both measures.

Due to the wage gap between women and men, women will generally have an even lower wage replacement than men.¹²

Government is moving in the right direction with three pilot projects featuring a calculation of benefits based on the "best 14 weeks" of earnings over 52 weeks preceding a claim, and an increase in working-while-on-claim to allow individuals to earn the greater of \$75 or 40% of benefits.

Recommendation #5

We recommend the federal government improve the wage replacement for maternity and parental benefits by increasing the weekly payable benefits from 55% of insurable earnings to at least 65% of earnings, based on the best twelve weeks of earnings in the last five years.

⁸ Forthcoming study by Shelley Phipps and Lynn Lethbridge, *International Comparison of Maternity/Parental Benefits*, referenced in 2004 Monitoring and Assessment Report, HRSDC, pg. 70

⁹ HRSDC, 2004 Monitoring and Assessment Report, pg. 64

¹⁰ Statistics Canada 2000

¹¹ Human Resources and Skills Development Canada, 2000, pg. 10

¹² In 2000, in Canada, average employment income for full-time, full-year female workers was equal to 70.8% of average employment income for men. Pay Equity: A New Approach to a Fundamental Right, Pay Equity Task Force, Final Report, Department of Justice Canada (2004), <http://www.justice.gc.ca/en/payeqsal/6000.html>

Maximum Insurable Earnings

In 1996, maximum insurable earnings were reduced from \$42,380 to \$39,000. This reduced benefits for those claiming maternity, parental and adoption benefits (the majority of whom are women), who earn more than \$39,000.

As there is no indexation policy, the ceiling has remained at \$39,000, while inflation continues to erode real income levels. Other social programs such as the Canada Pension Plan, the guaranteed income supplement, and the child tax credit are all indexed to the cost of living. Indexing is one measure to improve income and economic security for Canadians.

Recommendation #6

We recommend the federal government improve the wage replacement for maternity and parental benefits by increasing the maximum insurable earnings to \$57,000, indexed annually.



Family Supplement Rate

The *EI Act* allows for a "Family Supplement" which raises benefits from 55% to 80% wage replacement rate for families with children with an income of \$25,921 or lower. "Women continue to be the primary recipients of the Family Supplement. In fact, women represented 88% of all Family Supplement top-ups paid to claimants of special benefits."¹³

Even at the present replacement rate of 80%, the threshold keeps most of the eligible families below the poverty line. To ensure that families are able to meet basic needs and to meet the added costs associated with having an additional child, the threshold should be above the LICO and Market Basket Measures for Atlantic Canada.

Recommendation #7

We recommend the federal government improve the wage replacement for maternity and parental benefits by increasing the current Family Supplement rate to 100%.

The percentage of EI claims that involve the Family Supplement has decreased each year since 1999, a decline which can be traced to family income increasing while the Family Supplement threshold remains fixed at \$25,921. A recent study confirmed that the fixed threshold has led to a

¹³ HRSDC, 2004 Monitoring and Assessment Report, pg.67

decreased share of Family Supplement claims relative to all EI claims.¹⁴

Indexing will assist in ensuring that this amount continues to be adequate for current costs. Raising the wage replacement will assist the already low income parents, the vast majority of whom are mothers, who use the supplement to maintain their level of income and stay home longer with newborn children.

Recommendation #8

We recommend the federal government improve the wage replacement for maternity and parental benefits by increasing the low income threshold to \$30,000, indexed annually.

IV. EMPLOYMENT PROTECTION

Under the Canada Labour Code, federal government employees who have worked for their employer for a continuous six months are eligible for 17 weeks maternity leave, which can be combined with a parental or adoption leave of 37 weeks.

Jurisdiction for job-protected maternity and parental leave for the ninety-percent of paid workers in Canada who do not work for the federal government falls under provincial/territorial employment standards legislation.

Eligibility for maternity and parental benefits is dependent on a defined amount of continuous employment with an employer, which can vary from zero (in British Columbia, New Brunswick and Quebec) to 20 continuous weeks (in Newfoundland and Labrador and Prince Edward Island) to 52 continuous weeks (in Alberta, Nova Scotia and the three territories). In some provinces or territories a woman can be eligible for maternity leave under the *EI Act* but is denied the associated job-protection under the applicable labour legislation. Similar circumstances apply to parental/adoption leave.

Job protection should not be based on where you live, nor should it be based on a parent's employment history or continuous attachment to one employer. Inequity in employment protection puts women who work seasonally in the Atlantic provinces at particular risk because continuity in employment is challenging in the context of seasonal work.

Recommendation #9

We recommend the federal government, as co-chair of the Forum of Labour Market Ministers, undertake consultation with the provinces and territories to establish national standards for employment protection as it relates to maternity and parental leave, based on best practices and gender-based analysis.

[As seasonal workers], we don't have long term job security - if they call and we don't go they'll just get somebody else. And then when your benefits run out you have no money. So really, even if you have a new baby you have to go back in or you won't have any money down the road. It's not like we have other options.



¹⁴ Forthcoming study – *Family Supplement*, Audit and Evaluation Directorate, HRSDC, pg 67

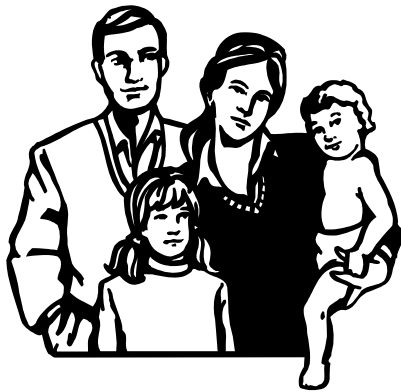
V. ACCESS TO INFORMATION

Many women who participated in our focus groups from Phase I identified access to accurate, up-to-date information as lacking when they were making decisions about parental leave. Lack of knowledge often hinders women from taking full advantage of the benefits available to them.

Recommendation #10

We recommend that the federal government ensure claimant advocates with an expertise in maternity and parental benefits be available through designated federal government offices.

LONG TERM RECOMMENDATIONS



These recommendations will ensure that more women are eligible for benefits. However, many will continue to be left out, including women who are not attached to the workforce or who have been out of the workforce for more than three to five years. Most teenaged moms, disabled women and recent immigrant women, for instance, could still be left out. These women's needs would be better addressed through a national caregiver strategy. Before such a program can be implemented, however, it will be necessary to garner agreements between the Provinces, Territories and the federal government regarding the administration of the program to ensure that it is universally fair and accessible across Canada.

Recommendation #11

We recommend that the federal government immediately undertake research and gender analysis into a continuum-of-care model for a national caregiver strategy which meets the needs of all Canadian families.

For more information about the Parental Benefits project or to request the full research document from which this summary was created, please contact:
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