

Parental benefits in Canada: Which way forward? ^[1]

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AVAILABILITY

Full study online PDF ^[2]

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SUMMARY

Canada's employment insurance (EI) system provides special benefits for parents who take a temporary leave from paid work to care for a newborn or newly adopted child. The system in place today was first launched 46 years ago, and while it has evolved incrementally in those 46 years, it is arguable that these modest changes have not kept pace with the needs of Canadian families or the Canadian labour market.

In the fall of 2016, the federal government launched a public consultation on changes to maternity and parental benefits that would extend the time limit for collecting benefits from 12 months to 18 months, by offering either 50 weeks of nonconsecutive benefits or continuous benefits at a lower rate. The government's summary of those consultations indicates there is strong public support for a longer leave.

In this IRPP Study, Jennifer Robson uses public microdata from the Employment Insurance Coverage Survey to compare the effectiveness of the federal parental leave and benefit system with that of the Quebec system. Her analysis takes into account other related policies, including regulated child care and income transfers to families with children. She gives particular attention to household income as a mediating factor, and looks at available evidence on how families with new children cope with added costs and balance paid work and caregiving. She argues that, although EI maternity and parental leave benefits appear to meet the needs of many families, there are significant gaps in the system, especially for low-income families and parents in nonstandard employment.

Robson raises compelling arguments for extending the time limit for collecting parental benefits, including the need for more flexibility for families and better coordination with provincial child care systems. In her view, however, the government's proposed changes will not work for low-income families without additional reforms, including the following:

- A more responsive and inclusive eligibility test so that more parents who work and already pay EI premiums are able to collect benefits
- Targeted help for low and modest-income families through the Family Supplement
- Changes aimed at better coordinating EI benefits with income-tested child benefits
- Improved incentives for employers who top up leave benefits for their employees, to increase the coverage of lower-wage workers

According to Robson, over the longer term, it is not clear that parental benefits ought to remain within the current EI system. Maternity benefits were created 46 years ago as a niche program grafted onto the much larger wage-insurance system. But today, benefits for parents are a large and growing part of the demands on the program. Some of the planned changes may make the current system work better in the short-term, but this should not be a substitute for a broader and more ambitious review of the current policy mix, with a view to better responding to the needs of today's working families.

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