

Why not all parents benefit from Canada's parental-leave program ^[1]

Last month the federal government expanded parental leave for all — but it's middle- and upper-income people who stand to gain the most

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Before last year, Anna Maria Gutkowska felt that she budgeted well. Recently out of a history program at Ryerson University and working as a server at a vegetarian restaurant in downtown Toronto, a job she'd had for five years, Gutkowska would put money aside each month for necessities — rent, groceries, student-loan payments — and a few nice-to-haves. A weekend vacation with her partner. The odd Uber trip.

"It was a steady restaurant. Others will cut [your shifts] if it's quiet, but they wouldn't. You knew you were getting your hours," she says. Still, the 6.5 per cent tip-out — a fund pooled from server tips to pay kitchen and bussing staff — was high, so in late 2016 she considered looking for employment elsewhere. Around the same time, she found out she was pregnant.

Gutkowska decided to stay at the restaurant for the duration of her pregnancy — but since her employer didn't offer a program to top off maternity leave pay, she started to redirect any discretionary income to her savings account to make up for the time off she'd need. Dinners out and Uber trips stopped; she and her partner kept the room in the house they shared with friends to keep rent low. "I thought people would tip more," she jokes, recalling the weeks she spent running plates and weaving through tables in her third trimester, "but that turned out not to be true." Meanwhile, her weekly mat-leave benefit totalled just \$169 a week — barely enough to cover rent.

"Although I have enough money to live on, I'm definitely living off savings and credit more than I would like to be," she says. "It makes me feel like the system is geared towards a certain type of mother, and I don't fit the bill."

Canada has long compared favourably to its OECD peers when it comes to parental leave, and last month, the federal government expanded its program further, from 12 months of partially paid leave to 18, over which the same amount of benefits could be stretched. But the question of who benefits from these changes — namely, middle- and higher-income families able to take a reduced-pay leave for longer periods of time — reveals much about which types of parents this program is best designed to serve.

Before new rules came into effect, leave was paid at 55 per cent of the parent's previous income, to a maximum of \$543 per week; now parents can choose this option, or they can stretch the same benefit over a longer period of time, to a maximum of \$326 a week. The new program, currently in effect at federally regulated workplaces, will expand as provinces incorporate the rules into their labour legislation — something Ontario has recently committed to doing.

But since these benefits are distributed through Canada's Employment Insurance program, parents have to qualify for EI to get them. Full-time salaried workers, regardless of wage, usually take about four months to meet the benchmark of 600 insured hours worked in the previous year. In a 2017 study of Canada's mat-leave program for the Institute for Research on Public Policy, however, Carleton University professor Jennifer Robson found that workers under the age of 25 — particularly women — are less likely to meet those criteria. Freelance workers and dependent contractors don't qualify for insured income unless they opt in to paying EI on their income ahead of time, and the vast majority do not.

Systemic inequalities may also factor into who does and doesn't receive paid leave. A 2016 study for the *Journal of Industrial Relations* found that (except in Quebec, which has its own program) only 43 per cent of Canadian mothers with a household income of less than \$30,000 a year received paid parental leave through EI, compared to 74 per cent of those with household incomes of \$60,000 or more. And employers that pay higher wages are more likely to offer supplementary leave perks, such as extended health-care benefits or top-up pay programs.

There are also differences in benefit rates among those who do qualify. Although tips are taxed, EI doesn't count them as income for the purposes of calculating leave benefits — something Gutkowska learned when she applied for mat leave last summer. Her benefit pay was calculated based on a server's minimum wage — which is lower than the standard minimum wage in Ontario.

Shift work also makes benefit calculations trickier: "If you don't have a steady income, or if your wages vary week to week, you have to put

in your 11 [best earning] weeks when EI calculates it,” Gutkowska says, “and my workplace had no way of providing me of how much I worked week by week, since we were paid biweekly.”

In her case, there was also the issue of student loans. Shortly after her daughter was born, Gutkowska applied to OSAP’s repayment assistance program to get a short break from paying the monthly fee while on leave. “They told me having a baby wasn’t grounds to do that,” she says.

The conditions of being on leave also affect other aspects of social assistance that have disproportionate impacts on lower-income families. “Parental leave benefits don’t exist in a vacuum,” Robson told TVO.org in an email. “There are interaction effects with child care, child benefits, and more.” As her study points out, lower-income families often take shorter parental leaves, which means that when it comes to child care, they’re likely to pay the premiums that day cares charge for infants under 18 months.

Donna Lero, a professor emeritus of the University of Guelph’s Centre for Families, points out that while the recent minimum-wage increases in Ontario and British Columbia may boost overall benefit rates to lower-wage workers applying for leave, they could push such earners slightly beyond the threshold for qualifying for the existing Family Income Supplement program available to low-income applicants. “It’s a technicality, but it could affect low-wage workers disproportionately,” she says.

Robson believes the federal government’s changes to the mat-leave program don’t go far enough. “I think the extension was a good move, but I would’ve liked to see it come with a package of reforms to widen access,” Robson says. For one, she argues, eligibility criteria should be broadened. Employers need to be involved, as well: “Right now, employers can apply for a reduction in their EI premiums if they have certain benefits like a parental leave top-up,” she says, adding that this incentive could be better advertised and tailored to fit small- and medium-sized companies.

Now halfway through her leave, Gutkowska says she’ll look for a job elsewhere once she does return to work — ideally something freelance or from home, since she can’t afford full-time child care. Despite the crunch, though, she’s careful to stress that her financial situation isn’t dire. “I have food, a roof over my head, and even health benefits through my partner’s job. There are so many people in Toronto that do not have these basic necessities, and I feel privileged to have what I do.”

“It really annoys me when people fawn over our country’s maternity leave,” she says. “I understand that it’s better than what is offered in the United States, but why compare ourselves to the bottom of the barrel? There are so many other countries that offer much better parental leave benefits to their citizens, and I feel like we should strive to be more like them, rather than treat our mediocrity like it’s gold.”

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