

Parental leave: More time off for baby

by Katherine Marshall

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New parents have much to learn. Although generally considered a happy event, the birth of a baby brings with it significant stresses. Little sleep, redefined roles, the loss of many personal freedoms and the responsibility of taking care of a helpless infant are just some of the tasks that need to be mastered. The transition period of adjusting to the demands of this new lifestyle is often made smoother when parents are able to take some time off work and be home with their newborn.

However, because of financial issues and job security, staying at home, particularly for longer periods of time, is not always feasible. Over the years, the Canadian government has extended parental leave several times to allow mothers and fathers more time with their children. What are the effects of this expansion? Do parents now remain at home longer with their infants, and are there socio-demographic factors which influence the length of leave time taken? Although both fathers and mothers are eligible to receive parental leave, to date mothers are taking advantage of it in much larger numbers. This article examines the labour market characteristics of women who take time off work to take care of their children.

Paid leave allowance increases substantially

The *Unemployment Insurance Act* (EIA)¹ of 1940 introduced unemployment insurance to Canada, but it was another 30 years before the *Act* provided provisions for maternity leave. Starting in 1971, mothers with 20 or

more insurable weeks of earnings could claim up to 15 weeks of maternity benefits. Almost two decades later, in 1990, 10 weeks of parental leave benefits were added to the original 15 weeks. These 10 weeks, which could be used by either parent, or split between them,² could be claimed only after the birth of the child and had to be taken within 52 weeks of the birth.

Another significant change in December 2000 increased parental leave benefits from 10 to 35 weeks, effectively raising the total paid leave parents could take from six months to one year. To qualify, parents must have worked for 600 hours in the past 52 weeks, down from the previous threshold of 700 hours. However, the rate of

1. In 1996, the *Unemployment Insurance Act* became the *Employment Insurance Act* (EIA).

2. Human Resources Development Canada (HRDC). 1996. *The History of Unemployment Insurance*. Ottawa: HRDC.

CST What you should know about this study

The Employment Insurance Coverage Survey (EICS), a supplement to the Labour Force Survey (LFS) since 1997, studies the extent of coverage of the Employment Insurance program. Starting in 2000, a special maternity supplement was added to help monitor the effect of the extended parental benefit program, which began December 31, 2000.

The supplement asked new mothers detailed questions on their labour market situation before and after the birth/adoption of their child. Other information collected included the timing of any breaks, the receipt of Employment Insurance (EI) by type and benefit level, as well as individual and household income prior to or since the birth/adoption. The survey also asked about spousal use of parental benefits, as well as some employer- and childcare-related questions. In cases where an event had not occurred — for example, a mother's return to work or a husband's claim for parental benefits — subsequent questions about intentions were asked. Calculations of the time off work are based on both completed and intended leave spells.

The sample included roughly 1,350 mothers with children under 13 months of age in both the 2000 and

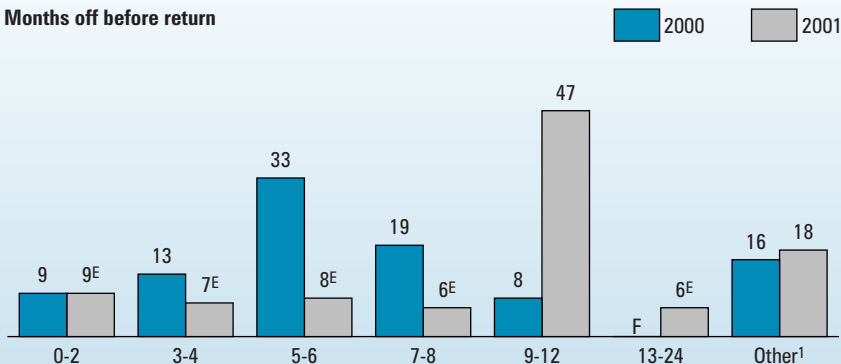
2001 surveys. However, almost 500 of those interviewed in 2001 had given birth or adopted their child in 2000 and were therefore excluded from the analysis. This paper examines the labour market behaviour of a sample of mothers who gave birth before and after the implementation of the parental benefit amendment, that is, births in 1999 or 2000, and 2001.

Employment prior to birth: Women were considered employed if they reported working one or more weeks for pay or profit in any of the 52 weeks preceding the birth of the child.

Reference job characteristics were collected at the time of the LFS, which took place 4 to 6 weeks before the EICS. For women who were not yet back to work, the term refers to their last main job held; for women who had already returned, it refers to their current main job. If mothers, while pregnant or on leave, received employer payments, private insurance payments or other benefits in addition to EI maternity or parental benefits, they were considered as receiving a top-up.

CST The proportion of mothers who took 9 to 12 months off work to care for their infants increased sharply

Months off before return



^E Use with caution.

^F Too unreliable to be published.

1. Those who planned to return in 25 months or more, planned to return but did not know when, or did not plan to return at all.

Source: Statistics Canada, Employment Insurance Coverage Survey.

benefit remained unchanged at 55% of prior weekly insurable earnings, up to a maximum of \$413 per week.

One aim of the 2000 amendment was to enable working parents to care for their infant longer and still allow them secure re-entry into employment. After the extension of parental benefits, all provinces and territories revised their labour codes to give full job protection of 52 weeks or more to employees taking paid or unpaid maternity or parental leave.³

3. Under provincial or territorial labour codes, job-protected parental leave is granted to those with continuous employment, which can range from less than a week to one year.

More mothers stay home for longer periods of time

In both 2000 and 2001, over 300,000 mothers had infants at home. In both years, roughly three-quarters of these mothers had been employed⁴ prior to the birth of the child. And regardless of whether they received 10 weeks or 35 weeks of parental leave, just over 8 in 10 returned or planned to return to work within two years in both years.⁵ Receiving longer paid leave does not appear to have affected mothers' return-to-work rate.

The combination of increased access to parental benefits and women's greater labour force participation raised the overall proportion of all new mothers receiving maternity or parental benefits from 54% in 2000 to 61% in 2001. Among those with paid jobs, the corresponding proportions jumped from 79% to 84%, respectively. Still, in 2001, 39% of mothers with newborns did not receive birth-related benefits because they were not in the labour force (23%), were paid workers who were ineligible or did not apply for benefits (12%), or were self-employed (5%).

For mothers who returned or planned to return to work within two years of childbirth, the most common return time changed from 5 to 6 months in 2000 to between 9 and 12 months in 2001. Clearly a result of the longer paid-benefit period, the

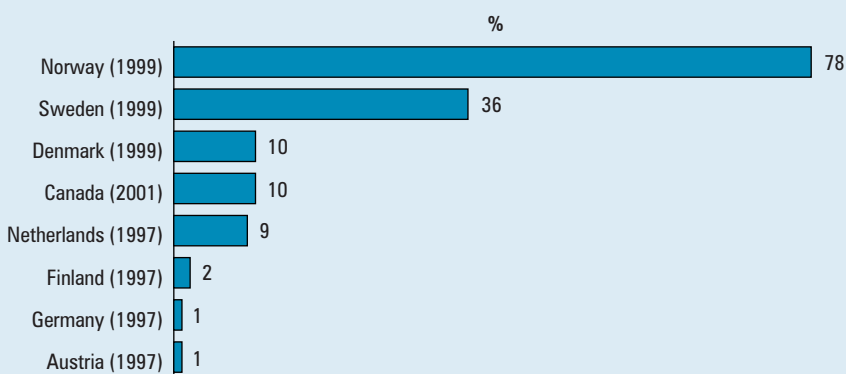
4. For at least one of the 52 weeks.

5. This finding differs from a 1993–94 study of women returning to work after childbirth using the Survey of Labour and Income Dynamics (SLID), where 93% of women reported being back to work within two years. One reason for the difference may be that at the time of the Employment Insurance Coverage Survey (EICS), about 8% of mothers were undecided about their future return. With the undecided removed, 90% of the women in the EICS also reported returning within two years.

CST Proportion of fathers claiming parental leave triples

The proportion of fathers who claimed or planned to claim paid parental benefits jumped from about 3% in 2000 to 10% by 2001. This is both a statistically and socially significant increase. Although the length of time involved is not known, approximately 1 in 10 fathers take a formal leave from their job to be at home caring for a newborn. This rate moves Canada ahead of many other countries, but still leaves it considerably behind those that offer non-transferable leave to fathers — Norway, for example, where almost 80% of fathers take parental leave.

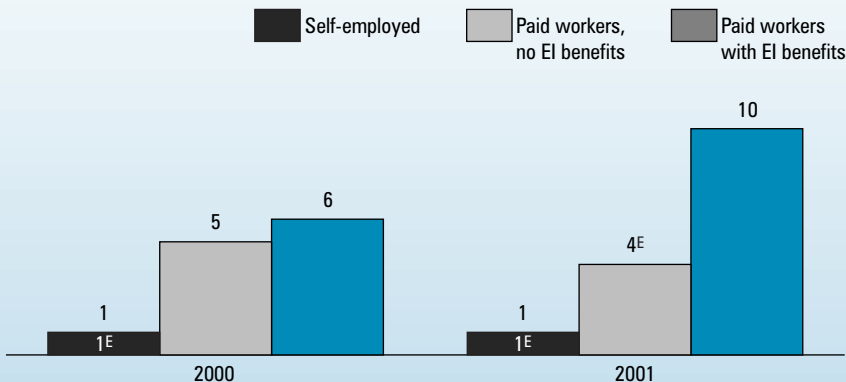
Fathers' participation in paid parental leave in selected countries



Sources: European Industrial Relations Observatory on-line (www.eiro.eurfound.ie); Organisation for Economic Cooperation and Development, 2001; Statistics Canada, Employment Insurance Coverage Survey, 2001.

CST The time self-employed mothers took off work remained unchanged

Median months before return



^E Use with caution.

1. Based on completed spells only and therefore likely underestimates the true time off. Source: Statistics Canada, Employment Insurance Coverage Survey.

proportion of women returning to work after about a year off (9 to 12 months) jumped from 8% to 47% between the two years.

Roughly 1 in 10 women in both years took either no time, or only one or two months, off work after childbirth. The vast majority of these early returnees were self-employed or employees without maternity or parental leave benefits. At the other end of the spectrum, in both years, fewer than 2 in 10 women did not plan to return to work, or did plan to return but either did not know when or gave a date beyond two years.

Time off work does not increase for self-employed mothers

Since self-employed individuals do not pay into the Employment Insurance program, they are not entitled to maternity or parental leave benefits. Moreover, entrepreneurs on leave can face a double financial loss, not only because of their own lost earnings but because of the possible expense of hiring a replacement worker.⁶ As a result, the median time off work among self-employed women who returned to work within two years was only one month in both 2000 and 2001.⁷ Similarly, employees who for whatever reason did not receive maternity or parental benefits also took very little time off work — five months in 2000, and four months in 2001.

The median time at home for women with benefits increased from 6 months in 2000 to 10 months in 2001. Although most took advantage of the revised parental leave program and were, or planned to be, off work for almost a year (67%), one-quarter stayed at home for 8 months or less, while the remainder took 13 to 24 months. These groups of mothers share many similarities; they had roughly the same median age (30), the same marriage rate (95%), and the same education (7 out of 10 had a postsecondary diploma or university degree).



About 3 in 4 mothers with infants under 13 months worked before their child's birth

	2000	2001
Total mothers	314,300	203,300¹
	%	
Worked during year before birth	74	77
Spouse claimed or planned to claim parental benefits ²	3 ^E	10*
Worked prior to birth	100	100
Returned or planned to return to work within 2 years ³	84	82
Reference job was paid	93	93
Employees	100	100
Received EI maternity and/or parental benefits	79	84
Received EI and employer or other top-up	23	20
Returned or planned to return to same employer ⁴	84	89

^E Use with caution.

* Statistically significant difference between the two years at the .05 level or less.

1. The total of mothers in 2001 was 326,600, but because the extended parental benefit program began in 2001 only those who gave birth in 2001 were included.
2. Of those with a spouse present.
3. This finding differs from a 1993–94 study of women returning to work after childbirth using the Survey of Labour Income and Dynamics, where 93% of women reported being back to work within two years. At the time of the Employment Insurance Coverage Survey (EICS), about 8% of mothers were undecided about their future return. With the undecided removed, 90% of the women in the EICS also reported returning within two years.
4. Of those who took a break from work of one week or longer, and returned or planned to return within 18 months.

Source: Statistics Canada, Employment Insurance Coverage Survey.

However, their husbands' participation in the program differed significantly. Almost one-quarter of the husbands of women who took eight months or less off claimed or planned to claim benefits, while only

a handful of husbands of the long leavetakers did so. Logically, if fathers claim some of the 35 paid parental leave weeks, mothers would have less than a year of paid leave for themselves, and thus a shorter stay at

6. Marshall, K. Autumn 1999. "Employment after childbirth." *Perspectives on Labour and Income* (Statistics Canada Catalogue no. 75-001-XPE) 11, 3: 18-25.

7. All self-employed women in 2000, and most in 2001, who had not yet returned to work were not asked about their intention to return. Therefore, the calculations are based on completed spells only and likely underestimate the true time off. However, the majority of the self-employed had already returned, and well over half did so in less than three months. This is consistent with analysis of self-employed mothers using SLID (Marshall 1999). Also, self-employed mothers who gave birth in 2000 were included in the 2001 data in Chart 2.

	Within 2 years ¹	Within 1 year	
		0–8 months	9–12 months
Total employees	97,600*	24,000	65,700
Median time off (months)	10	5	11
Personal characteristics			
Median age (years)	31	30	31
		%	
Spouse employed ²	90	84	92
Spouse not employed	10 ^E	F	F
Spouse claimed or planned to claim parental benefits ²	10 ^E	F	F
Spouse did not claim benefits	90	77 ^E	94*
High school or less	28	F	29
Postsecondary diploma, university degree	72	73 ^E	71
Income			
Had employer top-up	26	27 ^E	26 ^E
No top-up	74	73	74
Annual personal earnings			
Under \$20,000	35	49 ^E	29*
\$20,000–\$39,999	45	31 ^E	51
\$40,000 or more	21	F	20 ^E
Annual household earnings			
Under \$40,000	41	46 ^E	38
\$40,000–\$59,999	34	32 ^E	34
\$60,000 or more	25	F	28 ^E
Median weekly EI benefits	316	300	323
Job-related³			
		%	
Full-time job	86	82	87
Part-time job	14	F	13 ^E
Permanent job	95	87	98*
Temporary job	F	F	F
Unionized	36	33 ^E	34
Not unionized	64	67 ^E	66

^E Use with caution.

F Too unreliable to be published.

* Statistically significant difference at the .05 level or less. Tests were done between the two return groups for each variable.

1. Excludes cases of non-response. The sample for those who took or planned to take 13 to 24 months off work was too small to present by individual characteristics.

2. Only those with spouses, which was 95% for all groups.

3. Refers to reference job at time of interview.

Source: Statistics Canada, Employment Insurance Coverage Survey.

home. Further analysis⁸ indicated that women with partners who claimed or planned to claim parental benefits were 4.6 times more likely to return to work within eight months than those with partners who did not claim benefits.

Lower income associated with quicker return to work

Significantly more mothers who returned within eight months reported annual earnings below \$20,000 in their previous or current job (49%), than those who returned after almost a year (29%).⁹ In other words, lower individual earnings were associated with a quicker return to work. For example, mothers with maternity or parental leave benefits who returned to work within four months had median annual earnings of just under \$16,000. This suggests that women with lower earnings (and possibly lower savings) may not be financially able to stay at home for an entire year on 55% of their earnings.

Since personal income influences total household income, early returnees were also more likely to be part of a household whose total income was under \$40,000 — 46%, compared with 38% for those who returned between 9 and 12 months.

Receiving an employer top-up or other compensation in addition to paid maternity and parental benefits does not appear to affect the timing of returning to work. Just over one-quarter of all employees who returned or planned to return to work within

8. A logistic regression model was used to examine the probability of having taken less than 9 months off work. The dichotomous dependent variable was less than 9 months (= 1) and 9 to 12 months (= 0).

9. An assumption is made that employment before and after the birth is largely similar. This is based on the fact that well over 80% of the women return to the same employer, and 90% to the same hours (Marshall 1999).

two years enjoyed this benefit.¹⁰ Although the top-up was substantial for many — half received a supplement large enough to equal 90% or more of their previous earnings — its median duration was only 15 weeks.

The proportion of women receiving maternity and/or parental benefits as well as a financial top-up from either their employer or another source was 20% in 2001 and 23% in 2000. Women were much more likely to receive a top-up if they worked for a large firm (in 2001, 31% of those employed in firms of 500 employees or more compared with 18% of those in smaller firms).

Women in permanent jobs more likely than others to take longer leave

Working full-time does not appear to be associated with the length of time mothers take off from work to take care of their children. Most mothers who took or planned to take a year off had worked full-time in their previous or current job (87%), as had those who took less time off (82%). Similarly, nearly equal proportions (one-third) of these two groups reported their job as unionized.

However, one job-related factor that did contribute to a relatively early return to work, despite receipt of maternity or parental leave benefits, was job permanency. Almost all (98%) mothers on leave for a year had a permanent job, compared with 87% of women who returned in eight months or less and 75% of those who returned in four months or less. Roughly 90% of these non-permanent jobs were temporary, term, contract or casual and so would, in theory, be less likely to offer job protection. Women in non-permanent jobs

were almost five times more likely to return to work in less than nine months than those in permanent jobs.

Some of the key factors influencing the time away from work for women with maternity and parental benefits may be interrelated. For example, non-permanent jobs generally offer lower wages than permanent ones, so an early return to work might reflect the possibility of job loss, economic necessity, or both.

Summary

In 2000, a significant change to the *Employment Insurance Act* added 25 weeks of paid parental leave to the pre-existing 10. Including the 15 weeks of maternity benefits, parents are now entitled to receive up to one year of paid leave while caring for their infants.

Most of those who received these benefits took significantly more time off work after the birth or adoption of their child. However, one-quarter returned to work within eight months. Significant factors linked with a shorter leave from work included a father's participation in the parental benefit program, a mother's job being non-permanent, and low employment earnings. In addition, the program amendment had no effect on those without access to parental leave: self-employed women, paid workers who did not qualify or apply for benefits, and those who had not previously been employed.

Since the extension of parental leave benefits, fathers' participation rate in the program has increased. Not only are most newborns receiving longer full-time care by their mothers, but many are experiencing an at-home father for some of the time as well.



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10. The overall top-up rates of 20% and 26% found in Tables 1 and 2 respectively, differ because of the population examined. The 26% includes only employees with maternity or parental benefits who had returned to work within two years.