



## UNIVERSAL PARENTAL INCOME SUPPORT PROGRAM FOR LABOUR EQUITY

### CanWCC Policy Position Paper on Parental Income Benefits

Action on parental income is imperative to gender equality and to the economy in Canada. Parental income support in Canada is currently administered in the same way and by the same agency as Employment Insurance (EI) benefits, which makes it challenging to establish unpaid domestic and care labour as legitimate, economically and socially valuable work. It has also resulted in segments of the population being routinely excluded from accessing benefits, despite having contributed to EI. On average, 38% of mothers are excluded from accessing benefits under the federal EI-based parental leave program.<sup>1</sup>

In effect, the current structure of parental income policy in Canada is supporting the social reproduction of higher-income families at the expense

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<sup>1</sup>McKay, L. et. al. (2016). Parental-leave rich and parental-leave poor: Inequality in Canadian labour market based leave policies. *Journal of Industrial Relations*. Sage Publications.

of lower-income families.<sup>2</sup>

CanWCC focuses on the following four issues with the federal, EI parental benefits program<sup>3</sup>: (1) [tying eligibility to labour force participation](#), which has resulted in widespread and systematic exclusion<sup>4</sup>; (2) [low wage replacement rates](#) that have not kept pace with inflation, which has resulted in many parents being unable to afford to take leave<sup>5</sup>; (3) [total leave allowances that are shared between parents instead of individual allowances](#), which reinforces the idea of mothers as primary caregivers and fathers as secondary caregivers and has resulted in lower parental leave uptake rates amongst fathers<sup>6</sup>; and, (4) [inconsistent leave](#)

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<sup>2</sup> McKay, L. et. al. (2016).

<sup>3</sup> Quebec implemented a separate parental leave program in 2006, entitled QPIP. This proposal focuses on the federal program.

<sup>4</sup> McKay, L. et. al. (2016).

<sup>5</sup> McKay, L., et. al. (2016).

<sup>6</sup> Doucet, A., et. al. (2020). Reconceptualizing Parental Leave Benefits in COVID-19 Canada: From Employment Policy to Care and Social Protection

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entitlement policy between provinces and territories across Canada, which has resulted in inequalities in access to leave and job protections based on location<sup>7</sup>. To address these issues, CanWCC proposes the creation of a standalone, federal, Parental Income Support Program, separate from Employment Insurance.

### (1) Eligibility tied to labour-force participation:

Attaching parental income support benefits to labour-force participation results in exclusionary criteria, which reproduces and often strengthens inequalities experienced in employment.<sup>8</sup> Currently, the federal parental benefits program requires applicants to accumulate 600 hours of insurable employment during a qualifying period, amongst other eligibility criteria. People in precarious employment — part-time workers, seasonal and unregulated workers, contractors, and students — are often unable to accumulate the 600 hours necessary to qualify for federal parental leave benefits.<sup>9</sup>

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Policy. *Can Public Policy S272–S286*. University of Toronto Press.

<sup>7</sup> Doucet, A. et. al. (2020).

<sup>8</sup> UNICEF. (2022). Parental Leave... for Every Child. *Policy Brief*. UNICEF Canada.

<sup>9</sup> McKay, L. et. al. (2016).

For self-employed workers, there is a separate EI special benefits program that requires applicants to register 12 months before they can apply for benefits,<sup>10</sup> resulting in an almost-automatic exclusion for those who have not meticulously planned their pregnancy. This program also requires a 40% reduction in involvement in the applicant's business during the leave period<sup>11</sup> – the calculation of which is discretionary and has no stated quantifiers, unlike in the regular parental leave program, which requires a 40% reduction in earnings.

 *CanWCC recommends the creation of a standalone federal Parental Income Support Program outside of the EI umbrella, that does not tie eligibility criteria to employment status.*

### (2) Low wage-replacement rates:

Currently, the federal parental leave program offers two options for leave benefits: standard or extended. Eligible applicants can receive 55% of their earnings, up to a maximum of \$688 per week over 40 weeks, or 33% of their

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<sup>10</sup> Employment and Social Development Canada. (2022). EI special benefits for employed people.

<sup>11</sup> Employment and Social Development Canada. (2022).

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earnings, up to a maximum of \$401 per week over 69 weeks, respectively.<sup>12</sup> This low rate results in many parents being simply priced out of taking leave, predominantly those with lower incomes who are also less likely to receive employer top-ups.<sup>13</sup>

Having a child comes with new and greater expenses, and it is illogical to expect new parents to afford them on a significantly lower income. Relying on EI benefits alone, many new parents find it impossible to take enough – or any – leave. Over the last decade, the percentage of Canadian mothers returning to work within 12 months of giving birth has fallen among high-income mothers but *risen* among low-income mothers.<sup>14</sup>

**CanWCC recommends increasing the income support rate to match the national cost of living.**

### (3) Shared parental leave allowances:

There are three types of parental benefits under the federal EI program: maternity, parental standard, and

parental extended. Maternity benefits are available only to birth mothers, but can be combined with parental benefits. Parental benefits are available to both parents and, importantly, the allowances are shared. The standard program provides 40 weeks, where one parent cannot take more than 35 weeks, and the extended program provides 69 weeks, where one parent cannot take more than 61 weeks.<sup>15</sup>

Due to having a total shareable allowance, instead of individual allowances, the take-up of parental leave for partners remains low under the federal program, at 29.9% in 2021.<sup>16</sup> Comparatively, in the same year in Quebec, where the allowances are individual, 76.6% of partners claimed benefits.<sup>17</sup> Although the option for extended leave benefits and shareable allowances was framed as a way to offer more choice to parents, research shows that “... ‘choice’ in relation to gender-neutral parental leave typically translates into longer leave times for mothers, which reinforces fathers’ roles and identities as breadwinners and secondary caregivers.”<sup>18</sup>

<sup>12</sup> Government of Canada. (2024). EI maternity and parental benefits.

<sup>13</sup> McKay, L. et. al. (2016).

<sup>14</sup> UNICEF. (2022).

<sup>15</sup> Government of Canada. (2024).

<sup>16</sup> Statistics Canada. (2023). Parental leave, 1997 to 2022. Quality of Employment in Canada.

<sup>17</sup> Statistics Canada. (2023).

<sup>18</sup> Doucet, A. et. al. (2020).

CanWCC recommends a guaranteed minimum of 26 weeks of protected leave for all parents, as a non-transferable individual allowance.

## (4) Inconsistent leave entitlements across provinces & territories:

Although parental leave benefits are administered federally through EI (with the exception of Quebec), the right to job-protected, unpaid leave falls under the employment standards legislation of each province and territory, each of which have slightly different continuous employment period requirements.<sup>19</sup> As a result, depending on where they live, parents may have the 600 hours required to access parental leave benefits, but not enough continuous employment in their province or territory of residence to be entitled to job-protected leave.<sup>20</sup>

CanWCC recommends harmonizing employment standards legislation across Canada to guarantee 26 weeks of protected leave.

## Recommendations

CanWCC proposes the following recommendations to improve parental leave coverage (for employees) and create equal access to income support programs for all parents, regardless of income or employment status:

**Recommendation 1.** Create a standalone, federal Parental Income Support Program that exists outside the Employment Insurance system, and has no eligibility criteria related to employment status or labour force participation;

**Recommendation 2.** Increase the amount of parental income support to match the national cost of living, indexed to inflation in future years;

**Recommendation 3.** Guarantee a minimum of 26 weeks of protected leave for all parents, as individual, non-transferable allowances. For single parents, guarantee a minimum of 40 weeks of protected leave, or extend the second partner allowance to an alternate caregiver;

**Recommendation 4.** Harmonize

<sup>19</sup> Doucet, A. et. al. (2020); McKay, L. et. al. (2016).

<sup>20</sup> Doucet, A. et. al. (2020); McKay, L. et. al. (2016)

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employment standards legislation across all provinces and territories, and guarantee an entitlement to 26 weeks of protected leave time for all parents and secondary caregivers.

### Conclusion

Inclusion of parental benefits under Employment Insurance has broader social implications beyond the structural inequalities around access. Legislating parental leave as a type of unemployment reinforces the archaic idea that childcare is not a form of labour. Because EI is considered ‘unearned income’, this classification creates ripple effects — for example,

individuals who take parental leave benefits lose their RRSP contribution room during that time.

Separating the parental income program from EI will support the recognition of care labour for what it is: a significant and highly valuable sector of the economy. In other words, it’s hard work.

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