

Sharing the Burden: Increasing the Uptake of Parental Leave Among Fathers in Canada

by

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Ethics Statement

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Abstract

This study evaluates policy options to increase the uptake of parental leave among fathers in Canada. Approximately 12% of fathers in Canada outside Quebec claim parental leave, while the majority of mothers claim leave. This imbalance in uptake leads to mothers taking on a larger share of work interruptions, which has negative impacts on their position in the workforce. A comprehensive case study analysis of Quebec, Norway, and Iceland is used to identify best practices and develop policy options. Three policy options are evaluated on five criteria. Results from the policy analysis indicate that a program similar to QPIP in Quebec should be implemented federally. This model includes a daddy-quota, higher compensation, lower eligibility criteria and increased flexibility. For the long-term I recommend dividing parental leave in three equal parts: one part for each parent, and one part that can be shared as they wish.

Keywords: Parental leave; daddy-quota; non-transferable leave; women's position in the workforce; work interruptions; Canada.

Dedication

"Det er nå du legger grunnlaget for resten av skolegangen." Til Mor og Far.

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Table of Contents

Approval.....	ii
Ethics Statement	iii
Abstract.....	iv
Dedication	v
Acknowledgements	vi
Table of Contents	vii
List of Tables.....	ix
List of Figures.....	ix
List of Acronyms.....	x
Glossary	x
Executive Summary.....	xi
Chapter 1. Introduction	1
Chapter 2. The Canadian Parental Leave System	3
2.1. Parental Benefits Under EI	3
2.2. Parental Benefit Rates	4
2.3. Parental Leave Uptake	5
Chapter 3. Women in the Canadian Workforce	7
3.1. Labour Market Participation	7
3.2. Gender Wage Gap.....	8
3.3. Motherhood Gap.....	9
3.4. Work Interruptions	10
Chapter 4. Existing Literature on the Impacts of Parental Leave.....	13
4.1. Effects of Fathers Taking Leave	14
4.2. Policy Problem and Stakeholders	15
Chapter 5. Analytical Methodology	17
5.1. Case Study Selection.....	17
5.2. Case Study Evaluation Framework.....	19
Chapter 6. Case Study Analysis Results	22
6.1. Parental Leave Structure	22
6.2. Leave for Fathers.....	23
6.3. Gender Equity as a Stated Goal	24
6.4. Eligibility.....	24
6.5. Flexibility.....	25
6.6. Payment and Funding.....	26
6.7. Legal Rights.....	28
6.8. Key Findings.....	29
6.9. Case Study Analysis Summary.....	31

Chapter 7. Interview Results and Analysis	33
7.1. Key Characteristics.....	33
7.2. Conclusion.....	34
Chapter 8. Policy Objectives, Criteria and Measures	35
8.1. Policy Criteria and Measures	35
8.2. Policy Options.....	39
8.2.1. Option 1: Status Quo Plus	39
8.2.2. Option 2: Daddy-Quota Plus	39
8.2.3. Option 3: Split and Share.....	40
Chapter 9. Policy Analysis	41
9.1. Policy Option 1: Status Quo Plus	41
Equity & Fairness	41
Effectiveness.....	42
Stakeholder Acceptancy.....	42
Cost	44
Administrative Complexity	44
9.2. Policy Option 2: Daddy-Quota Plus.....	44
Equity & Fairness	44
Effectiveness.....	45
Stakeholder Acceptancy.....	45
Cost	46
Administrative Complexity	47
9.3. Policy Option 3: Split and Share	47
Equity & Fairness	47
Effectiveness.....	48
Stakeholder Acceptancy.....	48
Cost	49
Administrative Complexity	49
9.4. Evaluation Summary.....	50
Chapter 10. Recommendation	51
Chapter 11. Conclusion	52
References	54
Appendix A. Policy Options Not Included in the Analysis	60
Appendix B Calculation of EI Premiums for Option 2	62
Appendix C Expert Interviewees	63

List of Tables

Table 5.1	Case Study Selection Criteria.....	18
Table 5.2	Case Study Evaluation Framework	19
Table 6.1	Weeks by compensation rate, Quebec.....	27
Table 6.2	Minimum payments, Iceland.....	28
Table 6.3	Case Study Summary	31
Table 8.1	Summary of Criteria and Measures	37
Table 9.1	Policy Analysis Results.....	50

List of Figures

Figure 2.1	Uptake of Parental Leave Among Mothers and Fathers in Canada, Excluding Quebec (Doucet et al., 2017).	5
Figure 3.1	Labour Force Participation Rate of People Aged 25-54, 1976-2016 (Statistics Canada, 2018a)	7
Figure 3.2	Average Hourly Wage Rate, Ages 25-54, 1997-2016 (Statistics Canada, 2018b).....	9
Figure 3.3	Work Interruptions and Maternity and Parental Leave Among People Ages 25-54 Who Have Worked Anytime in the Past, Canada, 2011 (Adapted from Moyser, 2017; Statistics Canada).....	11
Figure 3.4	Number of Maternity and Parental Leave Among People Aged 25-54 Who Have Worked Anytime in the Past, Canada, 2011 (Adapted from Moyser, 2017; Statistics Canada)	12

List of Acronyms

EI	Employment Insurance
ESDC	Employment and Social Development Canada
OECD	Organization for Economic Co-operation and Development
QPIP	Quebec Parental Insurance Plan
ROC	Rest of Canada. Refers to Canada except Quebec

Glossary

Compensation rate	% of previous earnings (usually up to a threshold) that parents on leave will receive in benefits
Daddy-quota	Non-transferable leave reserved for fathers
Non-transferable leave	Parental leave that is reserved for one parent and cannot be transferred to the other parent

Executive Summary

Policy Problem and Background

Maternity and parental benefits are organized under Employment Insurance (EI). Workers must contribute premiums to EI, as well as fulfill other requirements to be eligible for maternity and parental benefits. While most mothers claim leave, only 11.9% of fathers in Canada except Quebec (ROC¹) claim leave. Taking leave involves a financial cost, as the benefits pay less than the lost wage. Long work interruptions from parental leave are related to economic issues such as drops in earnings, and foregone work experience. Women's labour force participation rate has increased significantly since the 1970s, but it is still not as high as men's. There is a persistent gender wage gap that has barely improved over the past 20 years, and there is an additional motherhood wage gap.

The policy problem of this capstone is that women have worse outcomes in the workforce than men in part due to an inequitable parental leave policy. The gender wage gap has only seen minor improvements the past 20 years, and women's long work interruptions are contributing to that.

Methodology and Findings

The primary methodology is a case study analysis to identify best practices from best performing cases around the world. The selected cases are Quebec, Norway and Iceland. An evaluation framework is developed to organize the information from the cases and is used to draw cross-case conclusions. The second methodology is expert interviews and is used to confirm the results of the case study analysis.

The results indicate four key points that should be addressed for the parental leave policy in Canada to be successful in increasing the uptake of leave among fathers. First, it is crucial that there is a period of leave reserved for the father, and second, that the compensation rate is high. Third, there should be quite a bit of flexibility, so that

¹ ROC (Rest of Canada) will be used for the remaining of the paper to indicate Canada except Quebec.

leave can be customized to different situations. Finally, it is important that a large majority of the working population is covered by the policy.

Policy Options and Analysis

The long-term policy objective is gender equity in the Canadian workforce. In the short-term, the primary policy objective is for parental leave to affect women and men more equally. Three policy options to address the short-term policy objective are developed based on the four key points identified above. The options are *Status Quo Plus*, *Daddy-Quota Plus*, and *Split and Share*. The policy options are evaluated on five criteria of which two are societal objectives: equity and effectiveness, and three are governmental objectives: stakeholder acceptancy, cost, and administrative complexity.

Policy Recommendation

Given the result of the policy analysis, I recommend implementing *Daddy-Quota Plus* immediately. It is expected to achieve the short-term policy objective by reducing mothers' work interruptions, leading to a rise in mothers' future earnings, and more than doubling the uptake of parental leave among fathers. Parents are expected to prefer it to *Split and Share*, and it is less costly and easier to implement. The main drawback is that it does not score high on gender equity. Therefore, 10 years after implementing *Daddy-Quota Plus*, I recommend splitting parental leave into three equal parts, as suggested in *Split and Share*. 10 years after the introduction of a daddy-quota parents are expected to be more likely to accept, or even welcome, a parental leave policy that treats mothers and fathers equally.

Chapter 1.

Introduction

Women are more likely than men to interrupt their careers for family-related reasons (Kerr, 2016). This is apparent from the gender imbalance in the uptake of parental leave in Canada. In 2015, 11.9% of new fathers outside Quebec claimed or intended to claim leave in relation to a child birth or adoption (Doucet et al., 2017). Conversely, 87.2% of new mothers claimed leave in 2015². While there is no designated paternity leave in ROC, 35 out of 50 weeks of parental leave can be shared as parents wish.

A generous parental leave scheme is crucial to ensure a high employment rate among women. However, long parental leave periods are related to economic issues such as drops in earnings, and foregone work experience (Albrecht et al., 1999; Rege & Solli, 2013; O'Brien & Wall, 2017). The imbalance in parental leave uptake contributes to a persistent gender wage gap that has only seen minor improvements the past 20 years. As women are much more likely to have their careers interrupted than men, it may be harmful to their position in the workforce relative to men (Datta Gupta et al. 2008).

In this capstone I attempt to address this problem by exploring policy options for parental leave that affect working men and women more equally. Best practices are investigated through a case study analysis with three cases; Quebec, Norway and Iceland. All three a significantly higher uptake of parental leave by men. The key findings are then used to develop three policy options to have parental leave affect women and men more equally.

This capstone is organized as follows: Chapter 2 outlines the current parental leave policy in Canada and identifies the responsibilities of the federal government and the provinces and territories. Chapter 3 presents statistics on women in the Canadian workforce by discussing participation, wages, and work interruptions. Chapter 4 discusses the existing literature on the impacts of parental leave and presents the policy

² Of the 75.7% of new mothers who qualified for parental benefits, 87.2% claimed leave.

problem and stakeholders. Chapter 5 outlines the methodologies chosen, and Chapter 6 and 7 provide the results. Chapter 8 states the short-term and long-term policy objectives, as well as the policy criteria and measures before outlining the policy options. Chapter 9 presents the policy analysis, and Chapter 10 states the recommendation. Chapter 11 provides the conclusion.

Chapter 2.

The Canadian Parental Leave System

This Chapter addresses the regulatory context of parental leave in Canada. It covers a description of available benefits to Canadian parents through EI, and a short account of parental leave uptake and design.

2.1. Parental Benefits Under EI

In Canada, parental leave benefits are organized under the federal EI system which falls under Employment and Social Development Canada (ESDC)³. EI provides temporary benefits to Canadian workers, who either due to unemployment, sickness or family-related reasons have to take time off work (Government of Canada, 2017a). EI is split into regular benefits, which is for those who lose their job through no fault of their own, and special benefits, under which there are parental benefits. Canadian workers can apply for maternity and parental benefits if they are pregnant, have recently given birth, are adopting a child or caring for a newborn (Government of Canada, 2017a). While the federal government provides maternity and parental benefits, entitlement to job-protected leave is granted in labour laws (Doucet et al., 2017). Since these laws fall under the jurisdiction of the provinces and territories, there are 14 different legislated leave entitlements in Canada. The variations are small, except for Quebec, and I will therefore not go into detail on the differences.

Working Canadians must contribute regular premiums to EI based on their earnings. Employers deduct EI premiums from their employees' insurable earnings at a rate of 1.66%, up to the employee's maximal insurable earnings at \$51,700 (Government of Canada, 2018a). Employers pay premiums that are 1.4 times of those of employees (Government of Canada, 2018b). Insurable earnings is someone's income

³ No provinces are responsible for providing parental benefits except Quebec, where the Quebec Parental Insurance Plan (QPIP) replaces the federal EI system. All other provinces and territories fall under the federal EI system.

before any deductions are made to for example income tax, EI, loan payments etc. Workers need to fulfill specific requirements in order to qualify for benefits.

In order to receive parental benefits, workers need to (i) have been contributing premiums to EI; (ii) have worked a certain number of hours in the year before starting to receive parental benefits⁴; (iii) have their weekly earnings reduced more than 40% because of pregnancy or taking care of a new baby; and (iv) meet the specific criteria for receiving parental benefits. There are two types of benefits related to having a child: maternity benefits and parental benefits. Maternity benefits are a maximum of 15 to 18 weeks⁵, and are offered to birth mothers (Government of Canada, 2017b). Parental benefits are given to parents caring for a newborn or a newly adopted child. Unlike maternity benefits, parental benefits can be shared between the parents as they wish. There is no statutory entitlement to paternity leave in Canada, except in Quebec (Doucet et al., 2017).

People working in non-standard jobs, such as part-time or temporary work, or are self-employed, often do not fulfill the requirements, and are therefore in many cases not eligible for parental benefits. According to McKay et al. (2016), 38% of mothers in Canada except from Quebec are not able to access parental leave benefits. Self-employed workers can opt-in to the system. For parents who do not meet the eligibility criteria, there are no leave entitlements or benefits (Doucet et al., 2017).

2.2. Parental Benefit Rates

The basic rate for maternity and parental benefits is 55% of average insured weekly earnings. Because the maximum yearly insurable earning is \$51,700, the maximum weekly amount parents can receive is \$547 per week. EI benefits are taxable (Doucet et al., 2017). As EI only covers 55% of weekly insured earnings up to a rather low threshold, there is a significant economic cost related to taking leave. Households will experience a reduction in household income as a result of taking parental leave, especially if the higher earner takes leave (Marshall, 2010). Low-income families may qualify for the EI Family Supplement in addition to the parental benefit, which could raise

⁴ Depending on which province.

⁵ Depending on which province the mother lives in.

the benefit rate to 80% of insurable earnings (Government of Canada, 2017b). Since December 3, 2017, parents have had the choice to extend parental benefits from the current 12 months to 18 months, at a benefit rate of 33% of average weekly earnings (Department of Finance Canada, 2017). Employers can choose to supplement their employees' parental benefits, known as "employer top-ups". The top-ups are not considered as earnings and are therefore not deducted from the employees' EI benefits (Government of Canada, 2017c). Top-ups are only available to employees that are eligible for EI benefits⁶, and in 2008, one in five mothers reported receiving top-ups from their employer⁷ (Marshall, 2010).

2.3. Parental Leave Uptake

In 2015, 11.9% of fathers in ROC claimed or intended to claim parental leave, compared to 9.4% in 2012 and 11.0% in 2011 (Doucet et al., 2017). The uptake has been relatively stable since 2001, when it increased from 3% to 10% (Statistics Canada, 2015). The sudden increase was most likely related to the policy change that took place in 2000, when 25 weeks of parental leave was added to the pre-existing 10 weeks. Figure 2.1 shows the uptake of leave among mothers and fathers in 2015 in ROC. While 87.2% of eligible mothers claimed leave, only 11.9% of men claimed leave⁸.



Figure 2.1 Uptake of Parental Leave Among Mothers and Fathers in Canada, Excluding Quebec (Doucet et al., 2017).

⁶ Or QPIP benefits for Quebec.

⁷ Including Quebec.

⁸ In 2015, 75.7% of new mothers were eligible for leave.

In summary, maternity and parental benefits are organized under EI. Workers must contribute premiums to EI, as well as fulfill other requirements to be eligible for maternity and parental benefits. While most mothers claim leave, approximately 10% of fathers claim leave. Taking leave involves a financial cost, as the benefits pay less than the lost wage.

Chapter 3.

Women in the Canadian Workforce

This Chapter provides information about women's position in the workforce in Canada. First, it presents data on labour market participation, wages, and part-time and full-time rates. Second, it presents data on work interruptions.

3.1. Labour Market Participation

In the second half of the 20th century, women's labour market participation increased rapidly. Figure 3.1 shows that the participation rate for women aged 25-54 grew from 50% to over 80% from 1976 to 2016. During the same period, men's participation rate decreased from 93% to 90%, where it has been stable since the early 1990s (Statistics Canada, 2017).

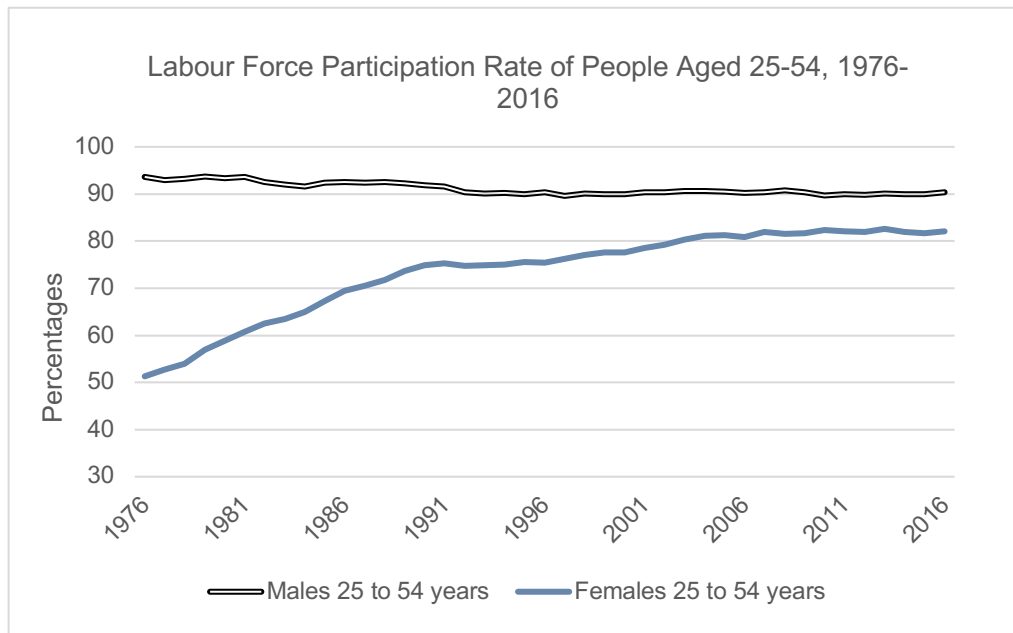


Figure 3.1 Labour Force Participation Rate of People Aged 25-54, 1976-2016 (Statistics Canada, 2018a)

Women are still less likely than men to be employed in all age ranges except 15-24 (Moyser, 2017). Furthermore, mothers are less likely to be employed than women without children, but the participation rate of mothers has increased over the last three

decades. The gap in employment decreases with higher education, but it does not disappear. It exists even among those with a university degree.

3.2. Gender Wage Gap

Moyser (2017) reports that based on annual earnings of full-time, full-year workers, women earned 74 cents for every dollar men earned in Canada in 2014⁹. Because men who work full time tend to work more hours than women who work full time, hourly wages are often used to measure the gender wage gap instead of annual earnings of full-time, full-year workers. With this measure, women earned 87 cents per dollar earned by men in 2015.

Grant (2017) reports that Canada has a large gender wage gap when compared to other member countries of the Organization for Economic Co-operation and Development (OECD). Out of 34 industrialized countries, Canada ranks the 7th most unequal. A factor that affects the wage gap is that jobs that traditionally have had a high share of female employees are often paid less than jobs that have a high share of male employees. Discrimination or unconscious bias is another reason for the wage gap persisting (Grant, 2017).

However, these factors do not explain the full extent of the gender wage gap. The fact that women are more likely to have their careers interrupted than men, either for maternity or parental leave or to care for older children, is another factor that affects it. Since 1997, the gender wage gap has flattened. Figure 3.2 shows how the gap between women's average hourly earnings and men's average hourly earnings has barely changed between 1997 and 2016.

⁹ Numbers regarding the gender wage gap is reported for workers aged 25-54.

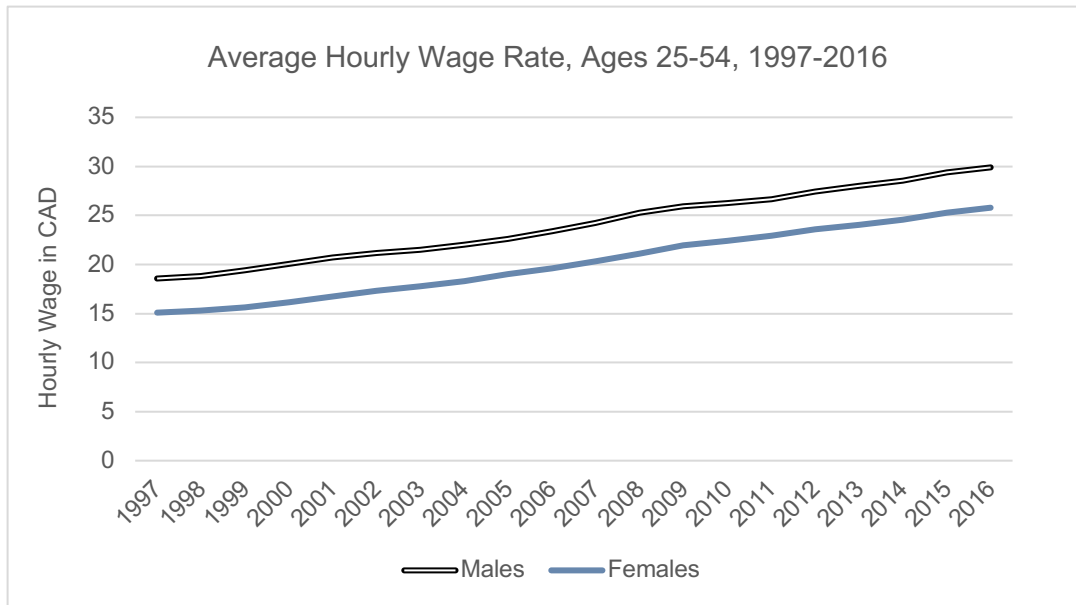


Figure 3.2 Average Hourly Wage Rate, Ages 25-54, 1997-2016 (Statistics Canada, 2018b).

3.3. Motherhood Gap

Women with at least one child under the age of 18 earned \$0.85 for every dollar earned by fathers, while women without children earned \$0.90 for every dollar earned by men without children (Moyser, 2017). Zhang (2009) finds that women with children have close to a six-year difference between actual and potential work experiences. Women without children experience a much lower difference of slightly above one year. The longer career interruptions women experience, the higher the loss in earnings. According to Zhang (2009), relatively short career interruptions make little difference. Mothers with more than a year but less than three years of interruption were somewhat below the average of other women before the age of 33, but after that they were similar. The earnings gap between mothers and women without children is higher for higher educated women and exists at all ages.

Moyser (2017) reports that the age of the youngest child in the household has an apparent effect on the work hours of women, but not on men’s work hours. The employment rate, which measures to which extent available labour recourses are being used, for women with a child younger than 6 years old was 70% in 2015. Among other women, including mothers and women without children, the employment rate was around 80%. Interestingly, men without children under the age of 25 have a lower

employment rate than men with children under the age of 25. In 2015, men without children under the age of 25 had an employment rate of 80%, compared to 90% for other men, which included men with children under the age of 6 years old, 12 years old, 18 years old and 25 years old. In terms of employment, these statistics show that women are penalized for having children, while men are rewarded.

A part of the “motherhood gap” is related to working part-time (Kerr, 2016). Moyser (2017) reports that women are more likely than men to work part-time, often due to family-related reasons such as taking care of children. In 2015, 18.9% of employed women worked part-time, while 5.5% of employed men worked part-time. Of those working part-time, one quarter of women cited caring for children as the reason for working part-time, compared to 3.3% of men.

3.4. Work Interruptions

Despite women’s high participation rate in the labour force, their experience of paid work differs from that of men’s. Women’s work experience is shaped by their caregiver role to a greater extent than that of men’s, and their employer’s presumption of this role (Moyser, 2017). In 2010, women spent about twice as much time caring for children as men did, 50.1 hours per week and 24.4 hours per week, respectively (Milan et al., 2011). In addition, women spent 13.8 hours on housework except childcare, while men spent 8.3 hours per week. Because women tend to take responsibility for children and housework, they are more likely to take time off work than men. Moyser (2017) finds that women were more likely to be involuntarily away from work than men. 21.7% of women that were absent in a reference week cited family or personal responsibilities as the reason, compared to 9.3% of men.

Figure 3.3 shows that women aged 25-54 have a longer average duration of work interruptions than men. With an average of 18.5 months for women and an average of 8.6 months for men, the duration of women’s work interruptions is more than double that of men’s. A work interruption is in this context any interruption that is three months or longer, which means that this measure does not capture shorter work interruptions. Figure 3.3 also reveals how the average duration of women’s parental or maternity leave is four times long as that of men’s.

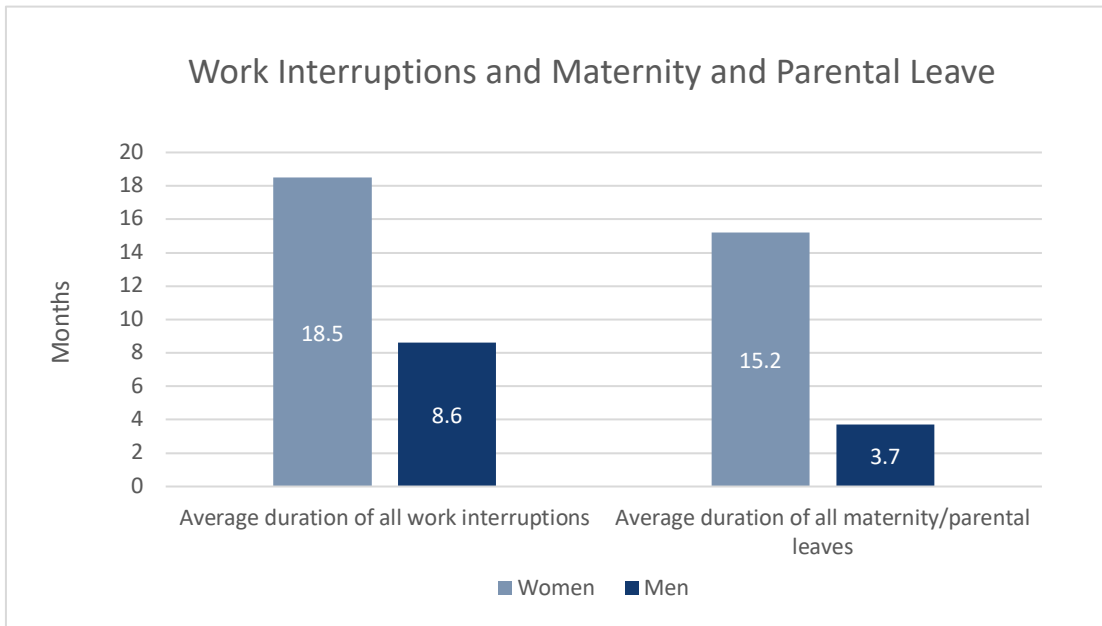


Figure 3.3 Work Interruptions and Maternity and Parental Leave Among People Ages 25-54 Who Have Worked Anytime in the Past, Canada, 2011 (Adapted from Moyser, 2017; Statistics Canada).

Figure 3.4 shows how men and women are affected differently by maternity and parental leave. A staggering 96.2% of men have never had a maternity or parental leave interruption, and only 3.2% have had one. Conversely, 53.2% of women have not had any maternity or parental leave, and 32.6% have had one.

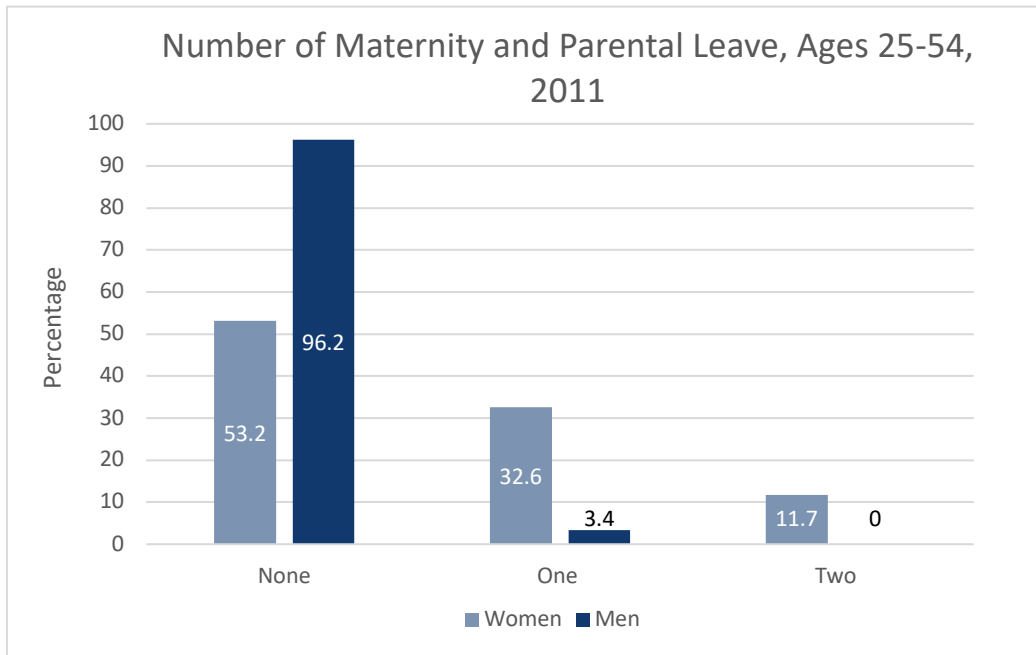


Figure 3.4 Number of Maternity and Parental Leave Among People Aged 25-54 Who Have Worked Anytime in the Past, Canada, 2011 (Adapted from Moyser, 2017; Statistics Canada)

The statistics presented above reveal that the traditional “breadwinner model” where women care for children and do housework is a sticky model. Despite the labour force participation rate among women is close to that of men, gendered responsibilities within the home are still evident. However, the views of traditional mothering and fathering roles are changing in Canada (Doucet, 2006). Men are expected to take on a larger share of housework, and women are valued more in the workforce than they were before.

In summary, women’s labour force participation rate has increased significantly since before the 1970s, but it is still not as high as men’s. There is a persistent gender wage gap that has barely improved over the past 20 years, and there is an additional motherhood wage gap. Finally, women work more part-time and experience longer work interruptions than men.

Chapter 4.

Existing Literature on the Impacts of Parental Leave

According to The Economist (2017), the “motherhood penalty” is the main reason why the gender wage gap in rich countries is no longer narrowing. Mothers at the same stage in their careers as their partners usually earn less and are therefore more likely to make a larger sacrifice in regard to their job to take care of children. This is supported by Bastani et al. (2017), who argue that women’s traditional role in the household is contributing to the gender wage gap as women are more likely than men to experience work interruptions in relation to becoming a parent.

Generous parental leave policies are required for new parents to alleviate conflicts between parenthood and work life (Datta Gupta, 2008; O’Brien & Wall, 2017). Parental leave schemes allow parents to retain their employment when having a child, which is an important factor in keeping women’s workforce participation rate high, and decreasing their job turnover (Marshall, 2003; O’Brien & Wall, 2017). Rønsen & Kitterød (2015) find that parental leave creates an incentive for women to seek employment before having a child, to accumulate enough hours to be eligible for benefits. This incentive is important, as women who are employed before having children are more likely to work after, since they will have job to return to (Baker and Milligan, 2008).

While there are several benefits associated with taking parental leave, leaving the workforce for longer periods can negatively impact workers’ workforce attachment, as well as opportunity for advancement (Marshall, 2010). According to the OECD (2016), if women stay away from paid work for more than a year, it can damage future earnings prospects as well as decrease the likelihood of returning to the workforce. The positive employment effect on women is seen when the period of leave is relatively short. Parental leave is important for women’s position in the workforce, but excessively long leave can undermine it (Han et al., 2009).

Rønsen & Kitterød (2015) argue that long career interruptions have negative effects on both individuals and the society as a whole. For individuals, long career interruptions reduce lifetime savings, lower pension disbursements, and could lead to lower wages and a slower career process. Kerr (2016) reports that career interruptions

caused by parental leave in particular has adverse effects on earnings. On the societal level, long career interruptions by women lead to a lower female labour supply (Rønsen & Kitterød 2015). This is unfavourable when the ageing population is leading to a great demand for labour. Datta Gupta et al. (2008) find that there may be negative effects on the wages of all women when mothers experience long career interruptions, not just mother's wages.

Angelov et al. (2016) compare income and wage trajectories of women in relation to their male partners before and after parenthood in Sweden. This study is particularly interesting, because they compare the effects of parenthood on men and women that have children together. They find that parenthood affect women and men differently, and that the effects are apparent several years later. 15 years after the first birth, the male-female gender gaps in income and wages have increased with 35 and 10 percentage points, respectively. Women experience a drastic drop in income immediately after childbirth, and do not reach their former income level until the child is between 7 and 8 years old. Following year 8, their income increases, but now at much larger gap to men's income than before the child was born. The effect on wages is evidently different between women and men within matched couples.

Edin & Gustavsson (2008) find statistically strong evidence of a negative relationship between work interruptions and skills. A full year of non-employment was associated with a 5 percentile move down the skill distribution. Time out of the workforce can erode human capital and make women less attractive to employers compared to men that have not had a career interruption (O'Brien & Wall, 2017).

4.1. Effects of Fathers Taking Leave

There are several positive effects of men taking parental leave: it leads to improved gender equity in the workforce and in the division of housework, as well as improvements to children's social, emotional, physical and cognitive development (Allen & Daly, 2007; Naz, 2010). According to O'Brien (2003), fathers may develop better skills in caregiving by taking parental leave, and it may alter their sense of gender roles. Kotsadam and Finseas (2011) examine the impact of a parental leave reform in Norway in 1993. The reform greatly increased the incentive for fathers to claim leave by introducing a four week "daddy-quota". The quota could not be transferred to the mother.

They find that respondents with children born after the policy change report 11% lower levels of conflict over household division of labour and are 50% more likely to equally share the task of washing clothes.

Rønsen & Kitterød (2015) find that mothers in Norway entered full-time work more quickly in the latter half of the 2000s and argue that this trend is related to the improved policies for daycare and paternity leave. One study from Sweden, estimated that every month of leave a father took boosted his partner's salary four years later by 6.7% (Johansson, 2010). According to the OECD (2016), parental leave enables fathers to take on a larger share of caring for children, which in turn can support women's careers. O'Brien and Wall (2017) argue that shifting parental care away from the traditional gendered roles reinforces gender equity both in unpaid and in paid work. Finally, when more fathers claim leave, it helps break down stereotypes which in turn increases the freedom of those who come after (Datta Gupta, 2008).

The design of parental leave policies have a large impact on social norms and practices. O'Brien and Wall (2017) argue that the impact of policy context is strong both within families and in society at large. If the design of a policy encourages fathers to claim parental leave, more fathers will do that. An example of that is the policy change in 2000 that lead to tripling the number of fathers that claimed leave from 2000 to 2001.

4.2. Policy Problem and Stakeholders

My policy problem is that women have worse outcomes in the workforce than men in part due to an inequitable parental leave policy. The gender wage gap has only seen minor improvements the past 20 years, and women's long work interruptions are contributing to that. One of the societal objectives of the Canadian policy for maternity and parental benefits is to promote gender equity (Marshall, 2003). In order for the policy to promote gender equity, the uptake of parental leave must be more balanced between mothers and fathers.

The relevant stakeholders to this policy analysis are:

- Mothers and fathers
- Employers

Mothers and fathers are critical stakeholders because the policy problem directly impacts their roles as parents and as members of the workforce. As mentioned in Chapter 4.1, the design of parental leave policy affects social norms and practices. In other words, the recommendation will affect the choices parents take regarding parental leave. Employers are important stakeholders because parental leave policy has a direct economic impact on them, because of their contribution to EI, and employees taking leave. Since the focus of this capstone is the impact of parental leave on mothers and fathers in the workforce, the most important stakeholders are mothers and fathers, and employers. Acceptance from these groups is key for the feasibility of the policy.

Chapter 5.

Analytical Methodology

The primary methodology is a case study analysis to identify best practices from the best performing cases around the world. According to Yin (2009), a case study can cover several cases, and draw a single set of cross-case conclusions. An evaluation framework is developed to organize the information from the cases. Further, the evaluation framework is used to draw cross-case conclusions. For this case study analysis, three cases are selected based on the success they have demonstrated in parental leave uptake by men, and women's position in the workforce. The secondary methodology is expert interviews, which are conducted to confirm the results from the case study analysis.

5.1. Case Study Selection

Quebec, Norway and Iceland have been selected for the case study analysis based on three main criteria: high uptake of parental leave by fathers, high scores on indicators of women's position in the workforce, and a low gender wage gap. See table 5.1 for details.

Table 5.1 Case Study Selection Criteria

	Parental leave uptake among men	Gender wage gap (% of male median wage)	Ranking on glass ceiling index
Quebec	85.8%	18.2%*	n/a**
Norway	90.0%	7.1%	3
Iceland	91.4%	9.9%	1

Source: Blum et al. (2017) for parental leave uptake, OECD (2017b) for gender wage gap, and The Economist (2017) for glass-ceiling index ranking.

* 18.2% is the gender wage gap in Canada. The same measurement does not exist for Quebec.

** Canada ranked 10th.

In 2006, Quebec introduced a parental benefit system that is independent of the federal EI system. Parental benefits are now organized under Quebec Parental Insurance Plan (QPIP). Quebec therefore provides an alternative to organizing parental leave through EI in Canada, which is interesting for this study. Since introducing the new parental leave policy, the uptake among fathers has tripled. In 2015, 85.8% of fathers took leave (Doucet et al., 2017). In 2015, the gender wage gap was 18.2%¹⁰ in Canada overall (OECD, 2017b). The same measurement does not exist for Quebec alone. However, among workers aged 25-54, women’s hourly wages were 86.25% of men’s in Canada overall compared to 90.08% in Quebec (Grant, 2017).

Norway has a long tradition of high uptake of parental leave by fathers and is ranked third on *The Economist’s* 2017 “glass-ceiling index” of the best places to be a working woman. In 1993, Norway was the first country to introduce paid non-transferable leave for fathers, known as the “daddy-quota”. Today, approximately 90% of eligible fathers take some leave. According to Kvande and Brandth (2017), there has been a normalization process of fathers as carers in Norway after 20 years of non-transferable leave for fathers. Norway has one of the lowest gender wage gaps among the OECD countries, which was 7.1% in 2015 (OECD, 2017b).

¹⁰ OECD gender wage gap is unadjusted and is defined as the difference between median earnings of men and women relative to median earnings of men. Data refer to full-time employees and to self-employed (OECD, 2017b).

In 2000, Iceland radically changed their laws on parental leave. The system was changed to one where mothers and fathers are entitled to an equal amount of time on leave. In 2013, 91.4% of Icelandic fathers took leave (Eydal & Gíslason, 2017). In 2015, the gender wage gap in Iceland was 9.9%, which is low compared to other OECD countries (OECD, 2017b). Iceland ranked first on The Economist’s glass-ceiling index (The Economist, 2017).

5.2. Case Study Evaluation Framework

The evaluation framework in is an outline of the information that is obtained from each case study. The characteristics in the evaluation framework are based the literature on what constitutes an equitable parental leave scheme. I draw on key characteristics of parental leave system identified by the OECD (2017a). Table 5.2 provides the categories considered for the analysis, which are described below.

Table 5.2 Case Study Evaluation Framework

	Category	Characteristic	Measure
1	Parental leave structure	No categorization	Does the law distinguish between maternity, paternity and parental leave?
		Total length	Is the length of total leave 12 months or more?
2	Leave for fathers	Daddy-quota	Is any leave that is reserved for the father non-transferable to the mother?
		Home alone	Is it a requirement that fathers on leave are home alone with the child?
3	Gender equity as a stated goal	Gender equity	Is gender equity a stated goal of the policy?
		Organizational department	Is the policy organized under a department that is responsible for gender equity?
4	Eligibility	Coverage	Are a large majority of the workers covered under the policy?

	Category	Characteristic	Measure
5	Flexibility	Time to use leave	Do parents have the option to spend use leave in a window longer than one year after birth?
		Part-time	Can leave be taken on a part-time basis?
		Interrupted	Can leave be interrupted and started up again?
		Option to take shorter leave with higher compensation	Can parents choose to take a shorter period of leave with a higher compensation rate?
		Breastfeeding	Are there any specific provisions for breastfeeding when the mother returns to work?
6	Payment and funding	Compensation rate	Is the compensation rate 70% or higher of previous earnings?
		Funding	Is the policy partially or fully financed by general taxation?
7	Legal rights	Access to improvements	Will the worker have access to any improvements to working conditions that they would have received had they not been on leave?

First, there are different approaches to structuring leave policy. A new approach is to drop maternity leave in favour of a generic “parental leave”, often with periods reserved for each parent. Total length is interesting because too short can be harmful for the baby and the mother, while excessively long leave may impact women’s careers. Second, it is interesting to understand how the cases cater parental leave to fathers. Third, it is interesting to investigate whether gender equity is a stated goal of the policy, as it may affect the focus of the policy. Fourth, eligibility criteria are reported because the coverage of the policy is interesting. Fifth, flexibility is reported because fathers are expected to be more likely to take leave if there is more room to balance work and leave. Sixth, payment and funding is interesting because the level of compensation determines

the impact of taking leave on family income. There is no universal standard, but The European Commission uses 66% or more of earnings the indicator for a high compensation rate (Blum et al., 2017). Another indicator is the OECD average, which is 77% (OECD, 2017c). Finally, legal job protection is important because having access to any improvements the worker would have received were they not on leave can be important in deciding whether to take leave or not.

Chapter 6.

Case Study Analysis Results

Each characteristic of the parental leave policy, given in table 5.2, is discussed for the three cases in each sub-section. Table 6.3 is a summary of the comparative analysis. If the answer to the measure question in table 5.2 is “yes”, it is marked with a diamond symbol (♦) in the summary table.

6.1. Parental Leave Structure

In Quebec, leave is organized after the traditional approach, and is categorized in maternity, paternity, and parental leave (Doucet et al., 2017). The total length of leave for the basic plan is 55 weeks¹¹. There is categorization in Quebec, since the law distinguishes between maternity, paternity, and parental leave, and the total length of leave is longer than 12 months.

In Norway the law does not distinguish between maternity, paternity, and parental leave. There is only generic parental leave, and certain periods are reserved for each parent. In total, parents can make use of 49 or 59 weeks of leave, depending on which plan they chose¹². There is no categorization in Norway, and the total length of leave is longer than 12 months for one of the plans.

Iceland does not distinguish between maternity, paternity, and parental leave. The Icelandic law on parental leave considers two parents regardless of sex (Eydal & Gíslason, 2017). The total length of leave is 9 months, 12 weeks are reserved for each parent, and the remaining 12 can be shared as they wish. There is no categorization in Iceland, and the total length of leave is shorter than 12 months.

¹¹ Parents can choose between two plans, see discussion under 6.5.

¹² See discussion under 6.5.

6.2. Leave for Fathers

Quebec was the first jurisdiction in North-America to introduce paid daddy-quota for fathers in 2006 (Tremblay & Dodeler, 2017). If the father does not claim this period of leave, it is lost. In 2015, the uptake among fathers in Quebec was 85.8%, which was an increase from 27.8% in 2005 (Doucet et al., 2017). 75% of the fathers that claim leave opt for the five-week option as opposed to the three-week option, and many proceed to sharing parental leave with their partner. Fathers who share parental leave, take on average 13 weeks of total leave. Tremblay and Dodeler (2017) argue that for most parents that choose to be home alone when on leave, the decision is related to the objective of gender equality. There is a period of non-transferable leave, but there is no requirement that each parent is home alone when on leave in Quebec.

Norway introduced a four-week daddy-quota for fathers in 1993. It has been expanded several times since then, and in 2017 the government voted to expand it to 14 weeks. In the first five years after the introduction of the quota, there was an increase in uptake among fathers from 4% to 78% (Kvande & Brandth, 2017). The most recent statistics show that approximately 90% of fathers in Norway take leave (Brandth & Kvande, 2017). There is no requirement that fathers must be home alone when on leave in Norway (Brandth & Kvande, 2017). It is common to take some leave together, but because that reduces the total length of leave, there is an incentive to take leave separately. There is a period of non-transferable leave, but there is no requirement that each parent is home alone when on leave in Norway.

In 2000, Iceland introduced equal entitlement to non-transferable leave for mothers and fathers. Each parent was given 12 weeks of non-transferable leave, and 12 weeks that could be shared as they wish. In 2012, the Icelandic parliament voted to extend parental leave, but the new law was revoked as state finances were deemed to not be in a good enough state to carry it out (Eydal & Gislason, 2017). There is no requirement that fathers in Iceland are home alone when on leave (Eydal & Gislason, 2017). There is however a strong incentive to take leave separately since the total leave length is no more than nine months. If the parents take leave simultaneously, the total leave length will be shorter. There is a period of non-transferable leave, but there is no requirement that each parent is home alone when on leave in Iceland.

6.3. Gender Equity as a Stated Goal

For Quebec, one of the goals of QPIP was to promote professional equality between working men and women (Tremblay, 2013). It would do so by increasing men's participation in parental responsibilities and promote women's participation in the workforce. QPIP is organized under the Ministry of Labour, Employment and Social Solidarity, which is not responsible for gender equity (Ministry of Labour, Employment and Social Solidarity, 2018).

For Norway, equal rights for working mothers and fathers was an important goal for parental leave in Norway (Kvande & Brandth, 2017). Since the introduction of the daddy-quota in 1993, fathers' rights and obligations have been the focus of parental leave policy. Parental leave policy is organized under the Ministry for Children and Equality, which is responsible for gender equity (Ministry of Children and Equality, 2018).

The Icelandic act on parental leave states that the goal of the law is to ensure the child's access to both parents, in addition to enable both women and men to reconcile work and family life (Act on Maternity/Paternity Leave and Parental Leave No. 95/2000, Section 1, Article 2) It does not refer to a mother and a father, and therefore free of discrimination on the basis of gender or sexual orientation. Parental leave policy is organized under the Ministry of Welfare, which is responsible for gender equity (Government Offices of Iceland, 2018).

6.4. Eligibility

In Quebec, both salaried workers and self-employed workers are eligible for parental leave if they have earned at least \$2,000 in insurable income during the past 52 weeks, regardless of the number of hours worked (QPIP, 2018c). In addition, parents must have stopped working or have had a reduction in income of at least 40%. Finally, they must pay premiums under QPIP (QPIP, 2018c). For those who do not meet the eligibility criteria, there are no leave entitlements or benefits (Doucet et al., 2017). A large majority of the workers are eligible for parental leave in Quebec.

To be eligible for leave in Norway, parents must have been employed six out of the past 10 months before birth and have made at least half the basic national insurance

benefit payment over the previous year (Kvande & Brandth, 2017). Currently the basic national insurance benefit payment is NOK 93,634 (CAD 15,027¹³). The earnings do not have to be from working but can also have been earned through various welfare transfers (NAV, 2018). In order for the father to use parts or all of the joint leave, the mother must either work or study full-time¹⁴ (Brandth & Kvande, 2017). All employed fathers are eligible for the two weeks of unpaid leave to be taken immediately after the child is born, and they can negotiate payment with the employer (Brandth & Kvande, 2017). Self-employed workers have the same eligibility requirements as other workers. Those who are not employed receive a one-off payment of NOK 63,140 (CAD 10,133). A large majority of the workers are eligible for parental leave.

In Iceland, parents who have been employed for six months or longer are entitled to parental leave (Fjölmenningssetur, 2018). Those who work less than 25% of full-time, and those who are not employed, are entitled to a minimum payment (Eydal & Gíslason, 2017). Minimum payments are further discussed below. In Iceland, a large majority of workers are eligible for parental leave.

6.5. Flexibility

In Quebec, 52 weeks of parental leave can be taken within 70 weeks after the birth, with the employer's agreement (Doucet et al., 2017). Parents are able to take leave on a part-time basis in Quebec, if the employer gives consent (CNESST, 2016). Leave does not have to be taken in one uninterrupted period (QPIP, 2018b). Parents can choose to have their benefits interrupted and restarted at a later point, as long as the time of leave is agreed upon with the employer (QPIP, 2018b). QPIP offers two different plans, the basic plan and the special plan (QPIP, 2018b). The basic plan is of longer duration than the special plan, and the special plan has a higher compensation rate than the basic plan. See table 6.1 for details. While there are no specific provisions for breastfeeding in Quebec, a pregnant or nursing woman is entitled to ask her employer to either assign her to a different position or modify her tasks if the work is

¹³ All conversions of Norwegian krone to Canadian dollar undertaken on January 26, 2018, using: <https://www.valutakalkulator.net/index.html>

¹⁴ In this case, full-time is 75% or more.

putting her or child's health at risk (Doucet et al., 2017). If there are no suitable positions for the mother, she can be entitled to workers' compensation.

In Norway, parents have a window from 12 weeks before birth to three years after birth to take leave (NAV, 2018). It is obligatory that the mother takes six weeks of leave immediately after the birth (Brandth & Kvande, 2017). Before 2007, fathers had to use the daddy-quota within a year of the birth. Flexibility around parental leave policy is an important political debate in Norway (Kvande & Brandth, 2017). Parents are able to take leave and work part-time, which can increase the length of parental leave (NAV, 2018). Men tend to take leave on a part-time basis more than women do (Hamre, 2017). Leave can also be interrupted and started up again, as long as it is taken within the three-year window (NAV, 2018). Parents can either take a shorter leave period with a 100% compensation rate, or they can choose longer leave with an 80% compensation rate (NAV, 2018). Breastfeeding mothers in Norway are entitled to paid breaks up to one hour per day for children under one year old (Brandth & Kvande, 2017).

In Iceland, the nine months of leave can be used until 24 months after the birth (Eydal & Gislason, 2017). Parents can choose to take leave on a full-time or part-time basis. In addition, parents are able to either take leave in blocks of time, or in one continuous period. There is only one plan in Iceland which is nine months of leave at an 80% compensation rate, and no option to take shorter leave with higher compensation. There are no specific provisions for breastfeeding. However, employers are required to make necessary arrangements to enable balance between work and family life for men and women.

6.6. Payment and Funding

Table 6.1 shows an overview of the specific compensation rates for the basic and the special plan. The maximum insurable earnings considered when calculating benefits in 2018 are \$74,000 (QPIP, 2018b). This figure is adjusted annually. Doucet et al. (2017) reports that to determine average insurable earnings up to the maximum insurable earnings level, Quebec uses a "best week" formula of the past 26 weeks. Families with a net annual income of less than \$25,921 can qualify for a low-income supplement up to 80% of earnings. QPIP is financed by employers, employees, and self-employed. They pay a reduced contribution to EI, and a supplement to cover the higher benefits in

Quebec. Employers contribute 0.767%, employees 0.548%, and self-employed 0.973%, up to maximum insurable earnings of \$74,000 (Doucet et al., 2017). The compensation rate is higher than 70% of previous earnings for the special plan and not the basic plan. The policy is not partially or fully financed by general taxation.

Table 6.1 Weeks by compensation rate, Quebec

	Basic Plan	Special plan
Maternity	18 weeks at 70%	15 weeks at 75%
Paternity	5 weeks at 70%	3 weeks at 75%
Parental	7 weeks at 70% + 25 weeks at 55%	25 weeks at 75%

Source: QPIP, 2018d.

In Norway, parents have a choice between 49 weeks at 100% of earnings, or 59 weeks at 80% of earnings (NAV, 2018). The parents have to choose the same compensation rate. There is a ceiling of six times the basic national insurance benefit payment, which currently is NOK 93,634 (CAD 15,027). The ceiling is thereby NOK 561,804 (CAD 90,162). The basic national insurance benefit payment is adjusted annually. Most employees in Norway have collective agreements that the employer will pay the difference between their wages and the earnings ceiling (Brandth & Kvande, 2017). As mentioned above, those who do not qualify for parental benefits, can be eligible for a flat rate payment of NOK 63,140 (CAD 10,133) (NAV, 2018). In Norway, the compensation rate is higher than 70% of earnings for both the long and the short option. Parental benefits are funded from general taxation, in addition to employer top-ups (Brandth & Kvande, 2017).

In Iceland, parents on leave receive 80% of average total earnings (Eydal & Gislason, 2017). A 12 months period ending six months before birth is used to calculate average earnings. When the new policy was introduced in 2000 there was no earnings ceiling, but after social pressure a very high ceiling was introduced in 2004 (Gislason, 2017). The ceiling was so high that only affected 2.6% of fathers and 0.4% of mothers. After the recession in 2008, the ceiling was lowered. In 2010, it affected 45.7% of fathers and 19% of mothers, and led to a fall in the uptake by fathers. According to Gislason

(2017), there are indications that fathers are taking shorter leave periods over a longer time span. Currently, the ceiling is ISK 500,000 (CAD 6,130¹⁵) per month. There are several minimum payments in Iceland. See table 6.2 for details. Full-time students are eligible for a flat rate of ISK 164,003 (CAD 2,011). Parental benefits are funded by the Maternity/Paternity Leave Fund, which is financed from an insurance levy of 5.40% of wages paid by employers, and the general revenue (Eydal & Gislason, 2017). The compensation rate is higher than 70% of previous earnings, and the policy is partially funded by general taxation.

Table 6.2 Minimum payments, Iceland

Employment Percentage	Minimum Monthly Payment
Less than 25	ISK 71,563 (CAD 877)
25-49	ISK 118,335 (CAD 1,451)
50-100	ISK 164,003 (CAD 2,011)

Source: Eydal & Gislason, 2017.

6.7. Legal Rights

In Quebec, workers are entitled to any improvements or benefits that they would have been entitled to had they remained at work (CNESST, 2016). They are also entitled to be reinstated in their former position. In the case the position is no longer there, the worker is entitled to the same rights and privileges as they would have had if they had not been on leave (CNESST, 2016).

In Norway, the Equity and Anti-Discrimination Act (2018) states that workers are entitled to return to the same position they had before going on leave, or an equivalent position. In addition, employees are entitled to improvements to working conditions that they would have earned had they not been on leave, and they are entitled to equal assessment with other employees in terms of salary bargaining.

¹⁵ All conversions of Icelandic krone to Canadian dollar undertaken on January 26, 2018, using: <https://www.valutakalkulator.net/index.html>

Employees on leave in Iceland maintain all entitlements, including pension entitlements, as they had been working (Eydal & Gislason, 2017).

6.8. Key Findings

The key findings are common characteristics across the cases that increase the uptake of parental leave by fathers. The key findings are presented in order of importance, with the most important first. Some are single characteristics, and other are entire categories.

Daddy-quota. All three cases have a portion of leave reserved for the father that cannot be transferred to the mother. A daddy-quota provides a strong incentive for fathers to take leave. It gives fathers a feeling of entitlement to leave that often does not exist if there is no quota. This is important in terms of household negotiations on who takes leave. In many cases, mothers feel entitled to all the leave, and fathers often feel like it belongs to the mother. A daddy-quota therefore eases some of the burden of negotiating between the parents. In addition, it makes it easier to ask the employer for leave, since employers know that the parents will lose it if the father does not claim it. The quota is widely used by fathers in all three cases, and they tend to take the full quota available to them. While the daddy-quota in Quebec is considerably shorter at three or five weeks, the Norwegian plan started at four weeks and gradually expanded to 14 weeks. Iceland took a different approach. They went from no quota to a threefold parental leave scheme, where 12 weeks are reserved for each parent, and 12 weeks can be shared as they wish. In all cases, parental leave uptake among men spiked after introducing non-transferable leave. Currently there is no daddy-quota in Canada other than Quebec, but the 2018 federal budget suggests adding four weeks of parental leave that will be reserved for the father.

High compensation. All three cases offer high wage compensation to the person on leave. In Quebec, the basic plan offers a high compensation rate for parts of the leave period, while the special plan offers a high compensation rate for the entire period. Norway is one of 13 OECD countries that offers full compensation at 100% of previous earnings, and Iceland offers 80% of previous earnings. In all cases, parents are compensated up to an earnings ceiling. Because of the persistent gender wage gap, men are likely to be the higher earner in the relationship. If the compensation rate is not

high, it does not make sense for the higher earner to take leave because it will affect the family income significantly more than if the lower earner takes leave. While a high compensation rate is critical to encourage more fathers to take leave, it is also important to minimize the motherhood wage gap experienced by women after they become mothers. The current compensation rate in Canada is characterized a low.

Flexibility. All three cases have incorporated quite a bit of flexibility to their policies. Flexibility in terms of, for example, the opportunity to take interrupted leave, or to take leave on a part-time basis can make up for some of the freedom of choice that is removed with a period of non-transferable leave. More flexibility makes it easier for different kinds of families to make parental leave work for them. Families have different needs based on income level, professions, culture, ages, location, family size, and so on. In both Norway and Quebec parents have the option to choose a shorter leave period with a higher compensation rate. Interestingly, in Norway the default is the shorter and better compensated option, whereas in Quebec the longer option is the default. Iceland does not have two options, but in return the policy is very simple. In Norway and Iceland, and to some extent Quebec, parents have the option to take leave on a part-time basis. This can be valuable for those who are not able to stay away from work completely for a longer period of time. In addition, this enables parents to increase the total length of parental leave, which may be important if they do not have a suitable daycare option when parental leave ends. Common across the three cases is that parents can choose to either take leave in one uninterrupted period, or in several blocks of time. That may be valuable for parents who have special commitments at work during specific times. While Norway is the only among these cases that has a specific provision for breastfeeding, both Iceland and Quebec have provisions stating that employers must be willing to make adaptations to a nursing mothers tasks. Since December 2017, Canadians have been able to choose between two different plans. Leave can be used until 78 weeks after birth, but it cannot be interrupted or taken part-time. There are no specific leave provisions for breastfeeding.

Coverage. In order to have more fathers use parental leave, it is critical that a large majority of the workers are covered under the policy. Common across the cases in this study is that most workers are eligible for parental benefits. Quebec lowered the eligibility criteria notably when introducing QPIP in 2006, but all workers are not yet covered. In Iceland and Norway, it is almost impossible to fall outside the parental leave

system. Iceland has a minimum payment that those who either work less than 25% of full time or non-employed are entitled to. Norway has a one-off payment that people who are not eligible for leave receives. Currently around 38% do not qualify in Canada (McKay et al., 2016).

Gender equity. Common across the three cases is a focus on gender equity in parental leave policy. For parental leave to not have adverse effect on women’s position in the workforce, it is important to recognize that parental leave policy should have a focus on gender equity. Gender equity is a stated goal of the Canadian parental leave policy currently.

Access to improvements. Strong legal rights are important for fathers to take leave. In all three cases, workers on leave are entitled to the same improvements to working conditions as if they had not been on leave. This can be important for workers who worry that taking parental leave can be detrimental to their career. Strong legal rights can reduce the risk of parental leave harming the worker’s position in the workforce. In Canada workers do have access to improvements while they are gone, but some have argued that this right is not strong enough.

6.9. Case Study Analysis Summary

Table 6.3 Case Study Summary

	Category	Characteristic	Quebec	Norway	Iceland
1	Parental leave structure	No categorization		◆	◆
		Total length	◆	◆ ¹⁶	
2	Parental leave for fathers	Daddy-quota	◆	◆	◆
		Home alone			
3		Gender equity	◆	◆	◆

¹⁶ The total length of leave is longer than 12 months for one of the plans.

	Category	Characteristic	Quebec	Norway	Iceland
	Gender equity as a stated goal	Organizational department		◆	◆
4	Eligibility	Coverage	◆	◆	◆
5	Flexibility	Time to use leave		◆	◆
		Part-time	◆	◆	◆
		Interrupted	◆	◆	◆
		Option to take shorter leave with higher compensation	◆	◆	
		Breastfeeding		◆	
6	Payment and funding	Compensation rate	◆ ¹⁷	◆	◆
		Funding		◆	◆
7	Legal rights	Access to improvements	◆	◆	◆

¹⁷ The compensation rate is higher than 70% only for the special plan.

Chapter 7.

Interview Results and Analysis

Four academics were interviewed to confirm the findings from my case study analysis: Kevin Milligan, Lindsey McKay, Diane-Gabrielle Tremblay, and Sari Pekkala Kerr¹⁸. I asked for their input in the ranking of the characteristics in the evaluation framework. The interviews were semi-structured, and the questions addressed specific issues related to the case study analysis and policy options.

7.1. Key Characteristics

The interviewees maintained that the top four characteristics that I have found to be the most important to increase fathers' uptake of parental leave. Two interviewees argued that a period of non-transferable leave is the most important characteristic. One of them, Diane-Gabrielle Tremblay, pointed to the extreme and immediate increase in uptake in jurisdictions that adopt this policy. In addition to the increase in uptake, the interviewees argued that a daddy-quota sends a strong signal to parents, and that organizations respond to that in a way that can change mentalities in the workplace. This is how Diane-Gabrielle Tremblay put it:

... I think that for changing the mentalities in workers ... in the organization, especially male sectors, it's important. And when you have a quota, well the fathers start taking and then it's just ... "Well, we're entitled to it", the employer can't say anything about it. So that really changes mentalities.

The two interviewees that argued the ultimate importance of a different characteristic still supported the importance of a daddy-quota. Lindsey McKay highlighted the ultimate importance of low eligibility criteria since parents must be eligible for leave to use it. Another interviewee, Kevin Milligan, emphasized the importance of a high compensation rate. According to him, the main reason few men in Canada claim

¹⁸ See Appendix C for details.

leave is because the compensation rate is too low. Because men tend to be the higher earner, they are unlikely to take leave if the compensation rate is not high.

When you have a father taking a parental leave, it gets more challenging finding finances to pay for mortgage, car, loan, and other expenses. If you have a more substantial drop in income, even a temporary one over the space of a year. So my sense is that under 80% of earnings, if you got to 80% of earnings that would slightly make it a lot easier for males to take time off.

All the interviewees agreed that improving flexibility is positive. There was consensus that breastfeeding poses a challenge to increasing the participation of fathers in taking leave. There should therefore be flexible solutions that could help mothers continue breastfeeding when they return to work. The interviewees agreed that it is favourable to have the father be home alone when he is on leave. However, they thought the policy should nudge rather than mandate fathers to be home alone. Requiring them to be home alone would be to micromanage families more than what is desirable.

Finally, several of the interviewees argued that there is a need for a cultural shift around men taking parental leave. A daddy-quota will play an important role in changing mentalities, since it gives fathers more of an entitlement to leave than they currently have. One interviewee emphasized that fathers that wish to take leave often face negative comments from both employers and colleagues, and that a daddy-quota would legitimize their claim.

7.2. Conclusion

The results from the case study analysis and the expert interviews indicate four key points that should be addressed for the parental leave policy in Canada to be successful in increasing the uptake of leave among fathers. First, it is crucial that there is a period of leave reserved for the father, and second, that the compensation rate is high. Third, there should be quite a bit of flexibility, so that leave can be customized to different situations. Finally, it is important that a large majority of the working population is covered by the policy. The policy options presented in chapter 8.2 are based on these four key characteristics.

Chapter 8.

Policy Objectives, Criteria and Measures

The long-term policy objective is gender equity in the Canadian workforce. In order to propose effective policies within the scope of this capstone, my policy analysis focuses on the short-term, which I define as 3-5 years. In the short-term, the primary policy objective is for parental leave to affect women and men more equally. Recall from Chapter 4 that the imbalance in uptake of parental leave harms women because they have more and longer career interruptions than men.

8.1. Policy Criteria and Measures

The policy options are evaluated on five criteria of which two are societal objectives: equity and effectiveness, and three are governmental objectives: stakeholder acceptancy, cost, and administrative complexity. Each criterion is given one to three measures. There is an index for each measure, and the policy options are given a score depending on their ranking on the index. The scale is high, medium, and low, with numeric values 3, 2, and 1. Stakeholder acceptance has three measures but counts as two since mothers' and fathers' acceptance is captured as one measure for parents' acceptance. Criteria with more than one measure are by virtue weighted more heavily than those with just one measure. Table 8.1 provides a summary.

Equity and Fairness has two measures. The first measure, gender equity, is related to equity for men and women as workers and as parents. It captures the ability of the policy to reduce inequity in work interruptions between mothers and fathers by measuring the share of leave reserved for the father in relation to the share reserved for the mother. Designated parental leave for either parent sends a strong signal that the respective parent is expected to take leave. Since parental leave means a work interruption, it brings with it negative consequences discussed in earlier chapters. The policy is therefore considered more gender equitable the more equal the share of leave is for the father in relation to the mother. It also takes into account whether there will be a reduction to the length of mothers' career interruptions. The second measure, coverage equity, is related to eligibility criteria. It measures the increase in eligible

workers. When eligibility criteria are high, non-standard workers such as people in precarious work, part-time work, and people that are self-employed are often not covered by the policy. This represents an inequity, since non-standard workers are a lower income group than other workers. The policy is considered more equitable if eligibility criteria are low.

Effectiveness has two measures. The first measure, uptake by fathers, is related to whether fathers are expected to make use of the parental leave that is offered to them. This includes the ability of the policy to remove obstacles for men to take leave. The policy is considered more effective the larger the increase in uptake among fathers is expected to be. The second measure, mothers' future earnings, is related to the gender wage gap. It measures the expected increase in the future earnings of mothers who take leave relative to mothers that take leave currently. The more mothers' future earnings are expected to rise relative to status quo, the more effective the policy will be in reducing the gender wage gap.

Stakeholder Acceptancy has three measures, acceptance by mothers, acceptance by fathers, and acceptance by employers. Each measure is related to the expected support by the different groups that will be affected by the policy. It is important to the success and feasibility of the policy that affected groups view it favourably. The policy is considered more acceptable the more supportive of it the affected groups are expected to be.

Cost has one measure, which is governmental cost. This measure is related to the annual cost of the policy to the government. The proposed options do not exist elsewhere, and it is therefore challenging to find exact numbers.

Administrative Complexity has one measure, which is implementation. It is related to the degree of coordination needed between the federal government and the provinces and territories. The policy is considered less difficult to implement the less coordination is needed between the two levels. When there are changes to eligibility criteria and/or flexibility more coordination is needed because job-protected leave is granted in labour laws that fall under the jurisdiction of the provinces and territories.

Table 8.1 Summary of Criteria and Measures

<i>Criterion</i>	<i>Definition</i>	<i>Measure</i>	<i>Benchmark</i>	<i>Value</i>
EQUITY & FAIRNESS				
Gender equity	The ability of the policy to reduce inequity in career interruptions between mothers and fathers	Share of leave reserved for fathers, relative to what is reserved for mothers	Equal or higher share Lower share No share	High (3) Medium (2) Low (1)
Coverage equity	Increase in eligibility among the working population	Increase in eligibility among the working population	Considerable increase Some increase No increase	High (3) Medium (2) Low (1)
EFFECTIVENESS				
Uptake by fathers	Increase in uptake rates among fathers after implementing the policy	Change in uptake rates among fathers	More than double Double Less than double	High (3) Medium (2) Low (1)
Mothers' future earnings	Reduction of negative impact of parental leave on women's future earnings	Expected rise in mothers' future earnings relative to status quo	Considerable rise (>7%) Some rise (3-7%) No rise (<3%)	High (3) Medium (2) Low (1)
STAKEHOLDER ACCEPTANCY				
Acceptance by mothers	How well are Canadian mothers going to accept the policy?	Degree of support expected from mothers	Considerable support Some support Little support	High (1.5) Medium (1) Low (0.5)

Acceptance by fathers	How well are Canadian fathers going to accept the policy?	Degree of support expected from fathers	Considerable support Some support Little support	High (1.5) Medium (1) Low (0.5)
Acceptance by employers	How well are employers going to accept the policy?	Degree of support expected from employers	Considerable support Some support Little support	High (3) Medium (2) Low (1)
COST				
Cost to government	What is the yearly cost of the policy?	Expected cost in CAD	>2 billion 1 billion-2 billion <1 million	High (3) Medium (2) Low (1)
ADMINISTRATIVE COMPLEXITY				
Difficulty of implementing policy	Degree of coordination between provinces/territories and federal state needed	Degree of coordination needed	Little coordination Some coordination Considerable coordination	High (3) Medium (2) Low (1)

8.2. Policy Options

Three policy options have been developed for evaluation. While analyzing options outside of the EI system would be very interesting, it is out of scope for this project. Therefore, all the proposed options operate within EI¹⁹.

8.2.1. Option 1: Status Quo Plus

The newly introduced option to extend leave to 18 months is continued, and the compensation rate is increased to 60%. This is plan dependant, and the compensation rate for the longer plan is 36% of previous earnings. The insurable earnings ceiling and the eligibility criteria remain unchanged. The increase in compensation will be covered by a small increase in premiums, and employers continue to contribute 1.4 times of employees' premiums. Self-employed workers have the option to opt in. 15 to 18 weeks, depending on province or territory, is reserved for the mother. To encourage fathers to take leave, this option includes a "sharing bonus". The sharing bonus is four extra weeks of parental leave given to families where the father takes at least four consecutive weeks of the sharable 35 weeks of parental leave. The mother cannot be on leave during the four qualifying weeks. The bonus can be shared as they wish. Parents who choose the extended leave option can lengthen the maximum duration from 61 weeks to 69 weeks if the father takes 8 consecutive weeks of the sharable period. Lastly, parents do not have to take leave in one continuous period, and they can claim leave until 70 weeks after birth. This alternative accounts for three out of the four key characteristics defined in chapter 7.2: it offers generous flexibility, increases compensation to some extent and the sharing bonus represents a similar incentive to a daddy-quota.

8.2.2. Option 2: Daddy-Quota Plus

The option to extend leave to 18 months is revoked, and the compensation rate is increased to 70% of previous earnings. The maximum insurable earnings considered when calculating benefits is increased to \$74,000. There is a six-week daddy-quota, and 15-18 weeks reserved for the mother. Eligibility criteria are lowered to \$2000 of insurable earnings in the previous year. Self-employed workers are automatically included. Single

¹⁹ Options considered but not included in the analysis in Appendix A.

parents have access to the full parental leave, including the daddy-quota. Employees premiums are raised to 1.848% of insurable earnings, and employers continue to contribute 1.4 times of employee's premiums²⁰ (Revenu Quebec, 2018). Maximum insurable earnings and premiums can be adjusted annually. Parents can choose to take leave on a part time basis, and they can take leave in one continuous period or several periods. This alternative accounts for all of the key characteristics. It offers some flexibility, a daddy-quota, and increases compensation to the threshold of what is regarded as high in this study. There are also improvements to eligibility, although everyone will not be covered. This option is similar to QPIP in Quebec.

8.2.3. Option 3: Split and Share

This option splits parental leave into three equal parts: four months are reserved for each parent, and four months can be shared as they wish. There is no mention of gender, just two parents regardless of their relationship to each other. The option to extend leave to 18 months is revoked. The compensation rate is 75% of previous earnings, and the maximum insurable earnings is raised to \$80,000. EI premiums are raised to 2%, and employers' contribution continues to be 1.4 times of employees' premiums. The remaining will be covered by general revenue. Parents can choose to take leave on a part-time basis, but it must be continuous. Parents who have been employed for six months or longer, and have paid premiums to EI, are entitled to parental leave. Self-employed workers who pay EI premiums are also covered. Those who work less than 25% of full-time, and those who are not employed, are entitled to a minimum payment of \$600²¹ per month. Minimum payments will be financed by funds from general revenue. This alternative accounts for all key characteristics as it offers the most generous compensation rate, lower eligibility criteria and quotas for both parents. It revokes some flexibility but introduces the option to take part-time. This option is similar to Iceland's parental leave policy.

²⁰ Calculation of premiums in Appendix B.

²¹ The amount is based on the minimum payment in Iceland.

Chapter 9.

Policy Analysis

In this chapter, the policy options are systematically evaluated on each measure given in table 8.1. Table 9.1 on shows which score the policy received for each one.

9.1. Policy Option 1: Status Quo Plus

Equity & Fairness

Gender equity: It is expected that this option may reduce inequality in career interruptions to some extent, since there will be an incentive for fathers to take parts of the parental leave to receive the “sharing bonus”. While there are 15-18 weeks of leave reserved for the mother, there is no period of leave reserved for the father. It is not guaranteed that this option leads to a shorter work interruption for mothers, because the sharing bonus can be used by either parent. In order to qualify for the bonus, the father must take four consecutive weeks of the 35 weeks of parental leave, and the mother cannot be on leave simultaneously. If the father takes four weeks only and the mother takes the sharing bonus, her work interruption is of equal length to status quo. Evidence from Portugal, where a sharing bonus was introduced in 2009, shows that parents are most likely to share parental leave between them so that the father only takes the four weeks necessary to receive the bonus (Wall & Leitão, 2017). The total length of leave is considerably longer in this option than it is in Portugal where parents are offered five or six months of leave. Therefore, fathers under this option may be more likely than fathers in Portugal to take more leave than the four weeks. However, since there is little tradition for fathers to take parental leave in Canada, and this option offers only a slightly better compensation, it can be assumed that fathers are unlikely to take more than four weeks. Another factor that reduces the chances of fathers taking more than four weeks and thereby reducing mothers’ time out of the workforce, is that they do not have a strong case when negotiating with the employer for longer leave than the four weeks necessary to receive the bonus. In addition, parents still have the option to extend leave to 18 months, making it unlikely that mothers’ career interruption will be shorter than in status quo. This option scores low on gender equity.

Coverage equity: There are no improvements to the eligibility criteria for this policy option. It is therefore expected that the share of the working population that will be eligible for parental leave is equal to status quo. The option scores low on coverage equity.

Effectiveness

Uptake by fathers: It is likely that there will be an increase in parental leave uptake with this option. The sharing bonus represents an incentive for fathers to take four weeks of the 35 weeks of parental leave. In Portugal there were 596 fathers who took four weeks or more of the shared parental leave before the sharing bonus was introduced in 2009 (Wall & Leitão, 2017). In 2010, 16,426 fathers took four weeks or more, and by 2016 it had increased to 22,919. Put differently, 31% of the parental leaves taken in 2016 were with the sharing bonus (Wall & Leitão, 2017). Since the compensation rate for this option is not as high as in Portugal (80% or 100%), the uptake will likely not increase by as much. It is still expected that the uptake increases considerably, and that it at least doubles from status quo. The option scores medium on uptake by fathers.

Mothers' future earnings: According to Johansson (2010), each month of leave the father takes increases the mothers' earnings four years later by 6.7%. For this option, it is expected that the uptake of leave among fathers will at least double, and that most of the fathers taking leave will take four weeks. However, fewer than 50% of fathers are expected to take leave, which means that only some mothers will experience the increase. This option scores low on mothers' future earnings.

Stakeholder Acceptancy

Acceptance by mothers: Some support is expected by mothers. There is a considerable increase in flexibility and a higher compensation rate, which is expected to be viewed favourably by mothers. The additional four weeks represented by the sharing bonus are also expected to be welcomed by mothers. A sharing bonus is a softer incentive than a quota, which gives parents more freedom of choice. The lack of improvements to eligibility criteria is expected to be unpopular among mothers, especially the mothers that do not qualify for parental leave currently. This option scores medium on acceptance by mothers.

Acceptance by fathers: Fathers will likely show considerable support of this option. There is a recognition of their position as a caregiver, and they are given the possibility to take four weeks of parental leave without “taking her leave away”. McKay & Doucet (2010) find that one of the greatest obstacles for fathers to take leave is that there is an understanding that it “belongs” to the mother. Another feature that fathers are expected to view favourably is that the consequences of not taking leave are small. If the father does not wish to take any leave, the mother will have access to the same number of weeks she would have had if he had taken four weeks of leave. While fathers would most likely want an even higher compensation rate, they are expected to appreciate the increase this option offers. They are also expected to welcome the increased flexibility. This option scores high on acceptance by fathers.

Acceptance by employers: Employers are expected to show some support for this option. It is not very invasive, and fathers are not expected to ask for much more than four weeks. Small businesses may be concerned that four weeks is too short to hire a replacement, while others could view it as an extended vacation that just needs some extra coordination (Bouw, 2018). This option will make it easier for fathers to ask their employers for leave, but since they would not explicitly lose any period of leave and rather gain a bonus if they take leave, their case will not be as strong as if they had a quota. That gives the employer more power. The higher compensation will lead to increased cost for them, but relative to the two other options the increased cost is small. For employers who offer top-ups, it will be relatively more expensive to have fathers on leave instead of mothers due to the gender wage gap. Relative to the other options, this will be less of a problem in this option as the uptake of leave among fathers is not expected to be as high. The improved flexibility is expected to be viewed mostly positively by employers. It can be assumed that it works in their favour that employees can take leave on a part-time basis, and that it can be interrupted as that keeps them more connected while on leave. However, increased flexibility may lead to more unpredictability which employers are not expected to welcome. They are expected to appreciate the eligibility criteria not changing. This option scores high on acceptance by employers.

Cost

Cost to government: The increased compensation rate will be covered by premiums from employees and employers. Since eligibility criteria remain unchanged, there will not be an increase in eligible workers which would have increased costs. The costs associated with implementing this policy are expected to be similar to the cost of the suggested policy change in the 2018 budget, which is 240 million a year over the next five years (Department of Finance, 2018). The higher compensation and increased flexibility is expected to add to the total cost. However, this is the lowest cost option. The option scores high on cost to government.

Administrative Complexity

Implementation: Because there is no change in eligibility criteria, this option requires little coordination between provinces and the federal government. The increase in flexibility will require some coordination, but it is not expected to be substantial. This option scores high on implementation.

9.2. Policy Option 2: Daddy-Quota Plus

Equity & Fairness

Gender equity: This option reserves six weeks for the father. While a larger portion of leave is reserved for the mother (15-18 weeks), it is expected that this option will lead to shorter career interruptions for mothers. Six weeks of the existing parental leave will be reserved for the father, which means that there is a reduction in weeks of leave that can be taken by the mother. This option scores medium on gender equity.

Coverage equity: With improvements to the eligibility criteria, and the inclusion of self-employed workers, this option is expected to lead to more workers being able to access parental leave benefits. Evidence from Quebec shows that there has been a large increase in eligibility in the working population since QPIP was introduced in 2006 (McKay et al., 2016). In 2004, the proportion of mothers receiving maternity and/or parental benefits in Quebec and the rest of Canada were similar at around 65%. In 2013, the coverage had increased to 89.3% in Quebec. In the same period, the coverage in the rest of Canada had dropped slightly to 64%. Therefore, this option is expected to significantly improve the coverage of parental benefits. One drawback is that those who

do not qualify for leave do not receive any benefits. Because this option is expected to considerably improve coverage, it scores high on coverage equity.

Effectiveness

Uptake by fathers: This option is expected to lead to a significant increase in parental leave uptake by fathers. Higher compensation and some improvements to flexibility removes important obstacles faced by fathers. The quota gives fathers an advantage in negotiating with employers, since it is clear that the family will lose this time if the father does not claim it. In 2005, the year before Quebec introduced QPIP, the uptake among fathers was 27.8%. By 2015, it was 85.8%, which represented a tripling since the introduction of the plan (Doucet et al., 2017). The reduction in obstacles and the evidence from Quebec supports the expectation that this option will lead to more than a doubling in uptake of parental leave by fathers. Therefore, it scores high on uptake by fathers.

Mothers' future earnings: In evaluating the economic impacts of QPIP, Lacroix (2017) finds that mothers under QPIP lose 6% during the birth year relative to mothers who gave birth before QPIP. However, mothers under QPIP end up earning more, since their income the following years increases by an additional 3%. Fathers experienced a 3% loss in earnings during the birth year relative to fathers who had a child before QPIP (Lacroix, 2017). As mentioned above, for every month of leave the father takes, the mother's earnings four years later are expected to increase by 6.7% (Johansson, 2010). For this option, the uptake of leave is expected to be high, and most fathers that choose to take leave are expected to be on leave for five weeks. This option scores medium on mothers' future earnings.

Stakeholder Acceptancy

Acceptance by mothers: Higher compensation, some improvements to flexibility, and lower eligibility criteria will most likely be viewed favourably by mothers. The daddy-quota of six weeks is expected to be viewed positively by some mothers and negatively by others. The latter group may feel that mothers should have first priority in the allocation of parental leave, while the first group may see the advantages of the father having to take greater responsibility in childcare. Some mothers might oppose this

option, but overall, mothers are expected to show considerable support. This option scores high on acceptance by mothers.

Acceptance by fathers: While all fathers are expected to support higher compensation and improved flexibility, they are expected to be divided in their support for the daddy-quota. Some fathers will be thrilled to have six weeks of leave reserved for them, while other fathers will view it as an unnecessary intervention from the government. The consequence of not taking leave is considerable, as it will shorten a family's leave. Fathers who wish to take leave are expected to view the quota as a positive signal from the government and be able to use it to their advantage in negotiations with their employer. This option scores medium on acceptance by fathers.

Acceptance by employers: Employers are expected to welcome the improved flexibility. The higher compensation is likely to be opposed, especially by smaller businesses as it may have a considerable impact on their finances and could reduce their competitiveness internationally (ESDC, 2016). Small businesses are expected to dislike the improvements to eligibility criteria, as that would lead to employees qualifying for benefits sooner, which again could lead to increased costs. A factor that is expected to be viewed positively is the retraction of the option to extend leave to 18 months. Employers are expected to have a split view on the daddy-quota. On the one side they are expected to recognize the positive effect it has on gender equity. Employers' organizations in Norway support a quota because they believe it leads to a more gender equitable workforce (NHO, 2017). The more inequitable the workforce is, the more talent employers lose out on. On the other side, small businesses may be concerned that six weeks is too short to find and train a replacement, while others may not see it as anything more than a coordination challenge (Bouw, 2017). In addition, it will be more expensive to offer fathers top-ups, since they usually earn more than mothers. Far from all employers offer top-ups, but those who do may be skeptical to the daddy-quota. On the other hand, the need for top-ups is reduced under this option since the compensation rate is increased to 70% of previous earnings. This option scores medium on acceptance by employers.

Cost

Cost to government: The higher compensation and lower eligibility criteria makes this option costlier than option 1. The employer and employee premiums are increased,

but they will not cover the implementation. The initial cost for QPIP was CAD 1.7 billion a year, and this option is expected to be similar (Garcia, 2010; Government du Quebec, 2010). This option scores medium on cost to government.

Administrative Complexity

Implementation: As there are changes to both eligibility criteria and flexibility, this option will require some coordination between the provinces and the federal government. Since Quebec introduced the similar changes in 2006, the process can be mirrored after that. Quebec will have valuable expertise that can ease the implementation process for the rest of Canada. Changes will have to be made to the Employment Insurance Act and the Canada Labour Code (Department of Finance Canada, 2018). This option scores medium on implementation.

9.3. Policy Option 3: Split and Share

Equity & Fairness

Gender equity: As the maximum leave one parent can claim is eight months, this option will reduce mothers' work interruptions. Reserving the exact same time for each parent, regardless of gender, will be a powerful signal from the federal government that men and women are equal workers and equal parents. Gislason (2007) finds that in the years following the introduction of a similar policy in Iceland in 2000, fathers increased the length of leave considerably, while mothers reduced it by a few days. From 2001 to 2004 fathers' average length of leave increased from 39 days to 96 days. In the same period, it decreased from 186 days to 182 days for women. Because the share of leave reserved for mothers and fathers is equal, this option scores high on gender equity.

Coverage equity: There will be a considerable increase in eligible workers under this option, as anyone who has worked six months or more and have paid premiums to EI are eligible. Those who work less than 25% or are unemployed will receive the minimum payment, and self-employed workers are included. Finally, since this option does not mention gender of the parents, or the relationship between them, it includes a range of LGTBQ relationships. While LGTBQ relationships are included in the other options as well, this option is better symbolically because it does not mention gender. This option scores high on coverage equity.

Effectiveness

Uptake by fathers: Because of the high compensation rate and long period of leave reserved for fathers, the uptake among fathers is expected to increase significantly. With four months reserved for either parent, fathers are expected to have an easy time negotiating with their employers for the same reasons as for option 2: if they do not claim the reserved period of leave, it is lost. The uptake among fathers in Iceland in 2013 was 91.4%. While the reserved period in Iceland is three months, and the compensation rate is 80%, this option is expected to significantly increase the uptake among Canadian fathers. This option scores high on uptake by fathers.

Mothers' future earnings: It is expected that for every month of leave the father takes, the mother's earnings four years later increase by 6.7% (Johansson, 2010). For this option, the uptake of leave is expected to be high, and most fathers are expected to take four months of leave. Mothers' future earnings are expected to rise considerably compared to status quo. This option scores high on mothers' future earnings.

Stakeholder Acceptancy

Acceptance by mothers: Mothers are expected to appreciate the higher compensation. Some mothers will likely view the division of parental leave into three equal parts positively, while the majority of mothers are expected to feel that reserving four months for the father is excessive. Mothers will most likely view this option as too prescriptive by the federal government, and many are expected to find a maximum of eight months of leave too short. However, the improvements to eligibility and the minimum payment are expected to be viewed favourably. This option scores medium on acceptance by mothers.

Acceptance by fathers: Fathers will most likely support the higher compensation, and the option to take leave on a part-time basis. Similar to mothers, some fathers would most likely welcome this option, as it does recognize fathers' equal responsibility as a parent. However, it represents a radical change to parental leave for fathers. Currently there is no expectation that fathers take leave, and under this option they would be expected to take four months. Most likely, the majority of fathers will not support a change of this magnitude. This option scores low on acceptance by fathers.

Acceptance by employers: The higher compensation rate represents an increased cost for employers, which is expected to be viewed negatively. On the other hand, employers can be certain that no employee will be on leave for more than eight months and all new parents, regardless of gender, will most likely be on leave for at least four months. This gives employers predictability, which can be assumed employers want. For companies that choose not to hire a replacement for the worker that is on leave, eight months instead of 12 or 18 is a significant improvement. However, the companies that do hire a replacement may find it more difficult find someone willing to take on work for only eight months. It may be preferred over four or six weeks. Employers are expected to support a more gender equitable workforce for reasons presented in the analysis of option 2, and they are expected to welcome the option for employees to work part-time. Employers are expected to strongly oppose the increase in premiums. For employers who offer top-ups, it is going to be more expensive to have fathers take leave instead of mothers due to the gender wage gap, and employers may therefore oppose reserving four months for fathers. However, the need for top-ups would be reduced under this option since the compensation rate is increased to 75% of previous earnings. This option scores medium on acceptance by employers.

Cost

Cost to government: This option is the costliest out of the three options. The compensation rate is high, and eligibility criteria are low. Unique to this option is the minimum payment that will come from general revenue. Although exact numbers are not available, this will impose large costs on the government. This option scores low on cost to government.

Administrative Complexity

Implementation: This option is expected to need considerable coordination between the provinces and the federal government. Changes will have to be made to the Employment Insurance Act and the Canada Labour Code, as there are changes to entitlement and eligibility (Department of Finance Canada, 2018). This option scores low on implementation.

9.4. Evaluation Summary

Table 9.1 Policy Analysis Results

	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>
EQUITY & FAIRNESS			
Gender equity	Low (1)	Medium (2)	High (3)
Coverage equity	Low (1)	High (3)	High (3)
EFFECTIVENESS			
Uptake by fathers	Medium (2)	High (3)	High (3)
Mothers' future earnings	Low (1)	Medium (2)	High (3)
ACCEPTANCE BY STAKEHOLDERS			
Acceptance by mothers	Medium (1)	High (1.5)	Medium (1)
Acceptance by fathers	High (1.5)	Medium (1)	Low (0.5)
Acceptance by employers	High (3)	Medium (2)	Medium (2)
COST			
Cost to government	High (3)	Medium (2)	Low (1)
ADMINISTRATIVE COMPLEXITY			
Implementation	High (3)	Medium (2)	Low (1)
TOTAL	16.5	18.5	17.5

Chapter 10.

Recommendation

The policy analysis shows that option 2 performs better than options 3 and 1 overall. Option 2 scores high or medium on all measures. It is expected to more than double the uptake of leave among fathers, and most fathers are expected to use the full daddy-quota of six weeks. This will lead to a reduction in mothers' work interruptions, since the six weeks will be taken out of the sharable parental leave that mothers are currently much more likely to use than fathers. Mothers' future earnings are expected to rise compared to the future earnings of mothers on leave under the current policy. The lowered eligibility criteria are expected to lead to a considerable increase in eligible workers. Parents are expected to appreciate the compensation rate of 70%, the option to take leave on a part-time basis, and not having to take leave in one continuous period. Some may feel that a six-week quota interferes too much with each individual family's choice, and others may think it should be longer. Employers are expected to oppose the increase in EI premiums, but to welcome the increased flexibility and retraction of the option to extend leave to 18 months. This option will lead to increased cost to the government, and some administrative complexity, but not to the same extent that option 3 does.

I recommend implementing option 2 immediately. Parents are expected to prefer it to option 3, and it is less costly and easier to implement. The main drawback is that it does not score high on gender equity. Therefore, 10 years after implementing option 2, I recommend splitting parental leave into three equal parts, as suggested in option 3. 10 years after the introduction of a daddy-quota parents are expected to be more likely to accept, or even welcome, a parental leave policy that treats mothers and fathers equally. Since every aspect of option 3 will not be implemented, it is not expected to represent a large cost to the government.

Chapter 11.

Conclusion

The primary policy objective of this project is for parental leave to affect women and men more equally. My policy recommendation achieves that by reducing mothers' work interruptions, leading to a rise in mothers' future earnings, and more than doubling the uptake of parental leave among fathers. In the year I have worked on this project, two major policy changes have occurred. This is an evolving policy area where I predict there will be several changes in the next decade. My prediction and hope is that Canada is moving toward a more equitable society, where men are going to be valued as equal parents to women, and women are going to be valued as equal workers to men.

In moving towards a new era for parental leave policy, there are several aspects that should be explored. Increasing incentives for employers to top-up their employees' compensation when one leave is an interesting area that has not yet received enough attention in Canada. Top-ups can be an effective approach for employers to attract young employees. Another aspect to explore further is affordable daycare, a policy that goes hand-in-hand with parental leave. If parents do not have somewhere their children can go after parental leave ends, they may have to either leave the workforce for a while or reduce work hours. For reasons described in this capstone, the parent forgoing work to take care of the children will most likely be the mother. In other words, to effectively reduce mothers' work interruptions relative to fathers' work interruptions, parental leave and daycare policy must work in congruence.

The proposed policy may affect the fertility rate in Canada. A more generous parental leave policy in terms of compensation and flexibility may encourage more people to have more children, but it may also lead to a drop in the fertility rate. Numbers from Statistics Canada show that men want more children than women, and that this has been the case since they started collecting this information in 1990 (Adshade, 2017). By shifting some of the burden of taking leave from the mother to the father, women may want more children than they currently do. Conversely, fathers may want fewer children if they are expected to take on more of the burden. With this analysis, the fertility rate

may very well stay the same, but the motivation for having more children will have a different source.

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Appendix A.

Policy Options Not Included in the Analysis

Due to limited time and space, this study only evaluates three policy options, which is the standard number in a policy analysis. However, several other options were considered. Those options are listed here, with a short justification for why they were not included.

Norway model. Norway is one of the countries with the longest tradition for attempting to increase parental leave uptake among men. This policy is interesting, with a quota of 14 weeks, and a compensation rate of up to 100%. Because it was included in the case study analysis, it seems like a natural choice. However, it is very similar to my option 2. In my view, option 2 is a “younger” version of the Norway model. It is well suited as a policy to start with that can then be expanded on. In a decade or two it may look much more like the current policy in Norway. In addition, I considered it valuable to include an option very similar to the Quebec model in the analysis because it presents an alternative to organizing parental leave in the Canadian context.

50/50 model. A model where each parent has 50% of the leave is a model that have received some attention recently. The respective leave periods are non-transferable. Although I find this option very interesting, I do not think it would be politically feasible in Canada. Canada has a strong neo-liberal tradition and going from no periods of non-transferable leave to 50/50 for each parent I believe would be too much of a transition. In addition, option 3, is an alternative that is related to a 50/50 model. Since this option 3 still has a portion of sharable leave, it is a more feasible option. Should option 3 be implemented, it can be further developed towards a 50/50 model if the political climate and the public opinion changes.

Outside EI. All options considered stay within the confounds of EI. While it may have been interesting to explore options outside EI, it is outside the scope of this study.

Daycare. Having affordable daycare is a crucial part of improving women’s position in the workforce. In the literature, it often goes hand in hand with parental leave.

While I recognize the importance of daycare, it is not discussed in this paper because it is out of scope.

Appendix B

Calculation of EI Premiums for Option 2

Under option 2, current EI premiums and the current supplementary QPIP premium will be combined in one EI premium. They can be adjusted annually. Employees' premiums are lowered to 1.30% of insurable earnings, and employers continue to contribute 1.4 times of employees' premiums. Employees and employers pay a supplementary contribution to cover the higher compensation, which is 0.548% for employees and 0.767% for employers of insurable earnings (Revenue Quebec, 2018). Self-employed pay 0.973%.

Table B1 Total EI Premiums Under Option 2

	Employers	Employees	Self-employed
Current EI premiums	1.78	1.30	
Current QPIP premiums	0.767	0.548	0.973
EI premiums under option 2 (EI and QPIP combined)	2.547 (1.78+0.767)	1.848 (1.30+0.548)	

Source: Revenue Quebec (2018), Doucet et al. (2017).

Appendix C

Expert Interviewees

Four academics with expertise in the field of parental leave were interviewed for their expert opinion on the result of my case study analysis. Table 11.2 outlines the experts' positions, and when the interviews were conducted.

Table C1 Expert Interviews

Expert	Position	Date of interview
Dr. Kevin Milligan	Professor, Vancouver School of Economics, University of British Columbia	January 8, 2018
Dr. Lindsey McKay	Postdoctoral Research Fellow, Centre for Health Law, Policy and Ethics, University of Ottawa	January 9, 2018
Dr. Diane-Gabrielle Tremblay	Professor, School of Business Administration, Université T�luq	January 15, 2018
Dr. Sari Pekkala Kerr	Senior Research Scientist, Wellesley Centers for Women, Wellesley College	January 19, 2018