



Peer Review on “Financial Impact of Maternity and Paternity Leave”

Czech Republic, 8-9 October 2018

Peer Country Commenting Paper – Ireland

Developing Family Policy

DG Employment, Social Affairs and Inclusion



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1 Situation in Ireland

Family policy in Ireland developed very gradually. For a long time, it consisted mainly of child benefits, tax allowances for children and maternity benefits. The dominant concerns were how to assist families with the costs of children and also to provide income support to mothers who had recently given birth. Today the focus has changed, and matters such as the employment participation of mothers, the redistribution of income, fertility rates and effects of policy on family poverty are the drivers for family policy. There is also a focus on a range of measures including providing childcare and improving parental leave to facilitate and improve the balance between work and family life and to raise the level of support to carers.

1.1 Demographic information

Similar to many other EU countries including the Czech Republic, the demographics in Ireland have changed in recent years as a result of a cultural move away from the traditional family model. This has had a consequential impact on the representative family structure in Ireland. Typically, women are becoming mothers for the first time later in life. The average age of a first-time mother in Ireland has increased over the last 30 years from 29.4 years of age in 1987 to 32.8 years of age in 2017¹, indicating that women are focusing first on self-development both in terms of education and their careers before beginning family life. This is reflected in the fact that Irish women are more likely than their male counterparts to have achieved a third level qualification with 55.1% of the 25-34 age group holding a third level qualification versus 42.9% of males in the same category². This corresponds with the increase in the average age of individuals getting married, with the average age of opposite sex couples increasing to an all-time high of 35.7 years of age in the case of the groom and 33.8 years of age in the case of the bride³.

The decision to delay starting a family is a result of a number of considerations; career pressures and the foreseen difficulties in the ability to maintain a work life balance, the difficulty in obtaining affordable secure housing and the high cost of childcare all of which are important considerations. Birth rates are also on the decline after peaking in 2009 at 75 554 births, the number has rapidly fallen to 62 053 in 2017, a fall from 16.7 per 1000 to 12.9 per 1000. This trend to wait until later in life to have their first child has also had implications for second and subsequent children, with the average number of children per family since 2011 remaining constant at 1.38 up to 2016. The average number of children per family as recently as 2002 was 1.59.

As Ireland does not currently offer publicly funded assisted human reproduction services it is impossible to accurately determine any trends in its use or resulting outcomes, however an increase in the rate of multiple births from 16.8 per 1000 in 2010 to 18.6 in 2015 may be indicative of an increase in the use of assisted human reproduction services.

1.2 Irish Labour Market

Like the Czech Republic Ireland's population is also ageing. In 2016, the over 65 age group saw the largest increase in population, increasing by 19.1 % since 2011 and as a result accounting for 13 % of the Irish population⁴. In 2016, Ireland had a labour force participation rate of 60.6 %. For men, the participation rate was 67.8% where as in comparison the level of female participation was 51.5%. Rates of female participation peaked in the 25-34 age group with 77.8 % of women engaged in the labour force, after

¹ Central Statistics Office, www.cso.ie 2017

² Central Statistics Office, www.cso.ie 2016

³ Central Statistics Office, www.cso.ie 2016

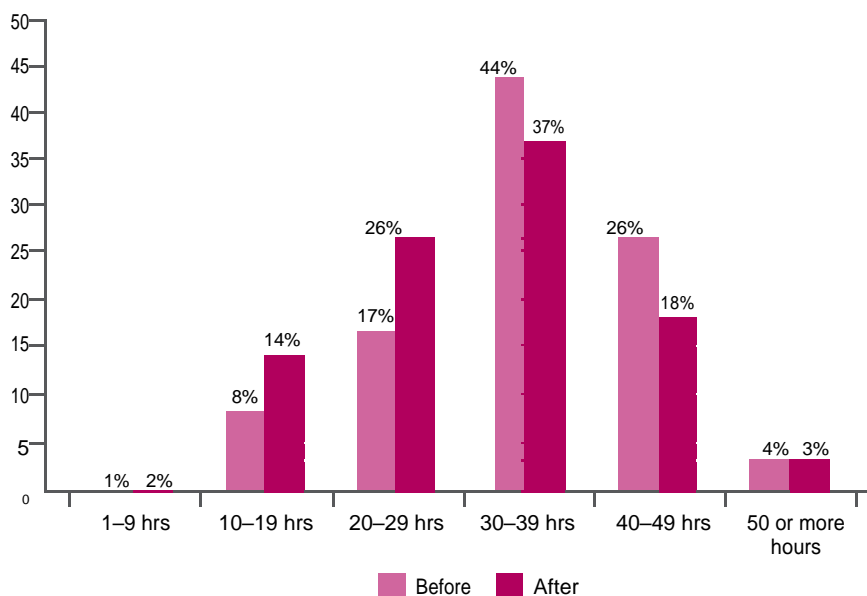
⁴ Census 2016 results showed that Ireland's Total Population stood at 4,761,865 in April 2016 www.cso.ie

which the rate of engagement declined. Over all women accounted for 45.1 % of the workforce in 2016.

A significant variation was noted between the work force engagement for women without children which was 85.7 % versus women who had young children which was 64.2 % for those women with children from ages 0-3 and 60% for those with children from ages 4-5, a variation of up to 25.7 percentage points.

Previous research on the issue of the Irish work life balance (Drew et al. 2003) found that of the women who returned to work after childbirth, 62 % made modifications to their working hours with 90 % decreasing their working hours. Prior to the birth of their youngest child 74 % of mothers had worked 30 or more hours per week with the largest group (44%) working 30 to 39 hours per week; after the birth of their child the percentage of mothers working 30 or more hours per week dropped to 58 % with 37 % working 30 to 39 hours per week. At the same time the percentage of women working part time increased from 17 % to 26 % for those working 20 to 29 hours and from 8 % to 14 % for those working 10 to 19 hours (Pregnancy at Work: A National Survey, 2011).

Figure 1: Weekly working hours before and after the birth



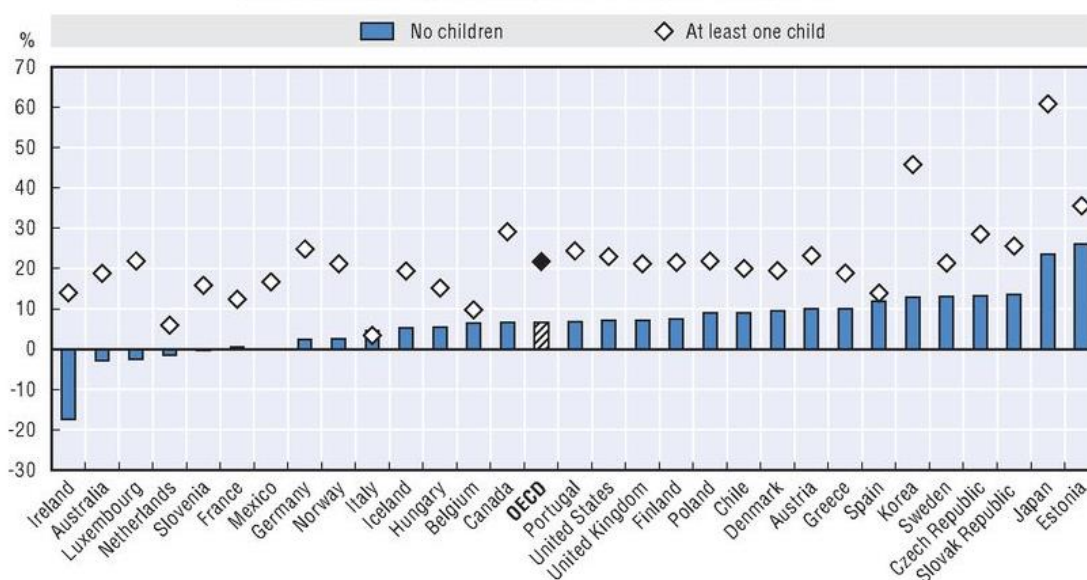
This reduction in working hours is more likely to occur at a higher level with the birth of their first child with 15 % reducing their hours by 16 or more per week compared with only 4% of mothers who were expecting their third or subsequent child. This reduction in working hours has an inevitable financial impact on the income for these women and their wider households. Due to restrictions on their availability women are over represented in occupations which offer increased supply of part time jobs, these tend to be low skilled, low pay sectors such as hospitality and retail; as a result two thirds of all employees on minimum wage are female⁵. This has implications for a woman's lifetime earnings, ability to support herself and her family and to save for her retirement and results in an increased gender pay gap. While Ireland has a gender pay gap of -17% in

⁵ Collins, 2015 Employees on the minimum wage in the Republic of Ireland
https://www.nerinstitute.net/download/pdf/employees_on_the_minimum_wage_in_the_roi_neri_wp37.pdf

women without children this increases significantly to +14% after childbirth⁶ (See chart below). Women have an increased risk of poverty with higher consistent poverty rates for women than for men, in 2015 woman had a consistent poverty rate of 9.1% compared to 8.3 % for men⁷. A consequential effect of this is also shown at retirement age with risk of poverty for women being almost 1.5 times higher than that of men of the same age.

Figure 13.3. **The price of motherhood is high across OECD countries**

Gender pay gap^a by presence of children,^b 25-44 years old^c



Those women who have given birth and who make the decision not to return to the labour force immediately, do so for a number of complex reasons which include their expected earnings, the presence and earnings of a partner, the number and age of the children and the tax benefit system (Russell et al. 2009). The availability and cost of childcare and the perception that a woman would be no better off financially if she worked is also a consideration in 18 % of women who leave the workforce (Pregnancy at Work: A National Survey, 2011).

2 Assessment of the policy measures

2.1 Financial Supports

Similar to the Czech Republic, Ireland offers various types of leave in the instance of a birth. In the first instance mothers are entitled to 26 weeks of paid **maternity leave** from their employment, two weeks of which must be taken before the birth of the child. This period of paid maternity leave does not increase in instances of multiple births. In the case of premature births mothers can claim an increased period. The extended period of paid maternity leave is equivalent to the duration between the actual date of birth of the premature baby and the date when the statutory maternity leave and benefit would have applied (i.e. two weeks before the expected date of birth).

⁶ OECD, 2012 Closing the gender gap: Gender Act Now https://read.oecd-ilibrary.org/social-issues-migration-health/close-the-gender-gap-now_9789264179370-en

⁷ Central Statistics Office, 2016

For mothers who have the relevant social insurance contributions they receive benefit for this period at a flat rate of EUR 240 per week and this is available to both employee's and self-employed individuals; currently 92 % (Russell and Banks, 2011), of qualifying women avail of their paid Maternity leave. After this period of paid leave ends the mother, if she wishes, can avail of 16 further weeks of unpaid leave. Statistics from a representative sample of 2 300 women show that 41% were likely to avail of some form of unpaid leave however no statistics are available on the length which they avail of (Pregnancy at Work: A National Survey 2011).

Ireland also recognises the cultural and social perceptions around childrearing being primarily the role of the woman. With a view to changing these stereotypes and encouraging fathers to take a more proactive role in family life, since September 2016 Ireland introduced 2 weeks of paid paternity leave for the father or relevant parent of the child. If the claimant has the required number of social insurance contributions, they will receive a benefit for this period at a flat rate of EUR 240 per week and this is available to both employees and self-employed individuals; currently 62 % of qualifying relevant parents avail of this leave. The scheme allows fathers to take their paternity leave up to six months after the birth of their child the first annual cycle of the scheme was completed in April 2018 therefore no data is of yet available on the impact of the scheme on the financial situation of the mother and the families who received the payment.

The Department of Employment Affairs and Social Protection (DEASP) recognise that there are a number of factors which lead to the disparity between the number of mothers availing of maternity leave and the number of fathers availing of paternity leave, one being that the rate received is a flat rate not linked to the income of the individual concerned. Household income may fall where the mother is in receipt of maternity benefit and consequently some households may not choose or be able to afford the fathers income also falling at the same time were he to claim his entitlement to paternity benefit. However, we foresee that we will see an increase in numbers availing of paternity leave over time as cultural influences affect change.

Ireland also offers further **unpaid (parental) leave** of 18 working weeks per parent per child which can be used until the child turns 8 or up to age 16 in the case of long term illness. In the case of multiple births this entitlement increases relative to the number of children. Legal restrictions are in place around employer's ability to refuse such leave and although it is designed to be taken in blocks of six weeks it can be amended to individual weeks, days or hours upon agreement between the employer and employee. Currently a bill is progressing through the Dáil Eireann (Irish parliament) which if passed would increase the amount of unpaid leave per child from 18 weeks to 26 weeks and would increase the age limit of the child from 8 to 12.

On return from parental leave an **employee may also request an amendment to their working pattern or hours** for a fixed period and although an employer has no obligation to grant this they must consider it. There is no statutory obligation on the employer to grant flexible working arrangements in Ireland and this is a contractual issue between the employee and employer. However, as part of the Industrial Relations Act 1990 A Code of Practice on Access to Part-time Work was agreed and implemented which protects the rights of part time employees and ensures that employers should develop and implement policies in relation to requests from employees to access part time work.

In relation to **children allowance**, unlike the Czech Republic, Ireland offers a universal payment in support of the child to the parents of the child. This Child Benefit is paid at a rate of EUR 140 per month for the first child and increases relative to the number of children in the household. For example, payment is EUR 140 for 1 child, €280 for 2 children, EUR 420 for three children etc. Payment continues until the child is 16 years of age or if they remain in education or training payment is made up to 18 years of age.

Ireland also has given consideration to the effects of child rearing periods on an individual's future entitlement to pension and offers a disregard or credit for any period in which an individual was not working in order to provide parental care for a child under the age of 12. A homemaker, for the purposes of the Homemaker's Scheme (which was introduced from 6 April 1994), is a man or woman who provides full-time care for a child under age 12 or an ill or disabled person aged 12 or over. Under the Homemaker's Scheme any years that a person spends as a homemaker are ignored or disregarded when working out their yearly average contributions for a State Pension (Contributory).

2.2 **Childcare Supports**

In Ireland, the Department of Children and Youth Affairs have responsibility for development of childcare policies and schemes and the Child and Family Agency (Tusla), which is under their remit, have responsibility for regulating and inspecting childcare facilities. Multiple options are available depending on the circumstances of the individual parents and the hours for which they require care.

Costs of childcare in Ireland are high and are seen as a barrier to preventing parents from returning to the workforce or as limiting their availability to the workforce, restricting the hours in which they can work. In some ways similar to the Czech Republic's system of micro-nurseries, registered childminders are available in Ireland who can provide full time care for up to five children under the age of six in the childminders own home. The hours and terms of care are negotiated between the parents and the childminder however unlike the Czech system this is not a state funded programme. Fees can be subject to large variations between different providers and this method can be open to exploitation from unregistered childminders. With a view to **encouraging the uptake of registered childminding**, under the National Childminding Initiative a Childminder Development Grant Scheme was developed which provides successful applicants with EUR 1 000 towards their start-up costs. Tax relief is also available to childminders who look after three or less children in their own home and earn less than EUR 15 000 per year.

Since 2017 the majority of State supports in the area of childcare in Ireland are in the form of the **Affordable Childcare Scheme**, the scheme provides financial support for parents towards the cost of childcare, the level of which is determined by the individual circumstances of the parent. It is a wraparound service available for children of all ages who are in registered childcare, either with childminders or through a registered facility. Each child receives a universal subsidy of EUR 20 per week paid to the childcare provider towards their care, after which any further subsidy is means tested.

Further support is also provided for parents who are disadvantaged or in receipt of a low income through a **Community Childcare Subvention Programme**. This programme allows parents' access to reduced rates of childcare in certain circumstances however it is only available through community/ not for profit organisations. This programme provides childcare for approximately 25 000 children per year in almost 900 community childcare services⁸. A number of smaller schemes administered under the Training and Employment Childcare Programmes provide subsidised childcare places for parents in training, education or community employment and in total provide approximately 10 500 places annually ranging from term time care, after school care, part time care and full-time care depending on the age of the child.

Finally, a **universal Early Childhood Care and Education scheme** is available under state funding for preschool children starting from age 2 years 8 months for a maximum of two academic years. More than 4 300 pre-school services participate, and this

⁸ Report of Inter-Departmental Working Group: Future Investment in Childcare in Ireland 2015
https://www.dcya.gov.ie/docs/22.07.2015_Report_of_InterDepartmental_Working_Group:_Future/3492.htm

achieves more than 95 % coverage for the eligible age cohort. The programme is available for a set number of hours per day and the pattern is dependent on the service provider, however if additional services are offered by the provider and required parents can pay top up fees to avail of these. The programme is designed to prepare children accordingly for their entry into formal education as well as reducing childcare costs for the parents and encouraging a return to the labour market.

3 Assessment of the success factors and transferability

When assessing the success factors of the measures already implemented in the Czech Republic it is important to note the starting point of the policy measures, particularly in terms of childcare and the cultural issues which exist around the perceived gender roles.

The introduction of children's groups and micro-nurseries offer a cost-effective quality childcare solution to parents of children from age one until school age and although it has certainly improved, the availability is limited and unable to meet the demand for the service. The question of permanent funding and the value of the resources required versus the benefit achieved have to be considered. Is it sustainable for the state to provide such a heavily subsidised childcare for a relatively small percentage of the population to benefit? Given the funding resources required is this a model the state can expand further? Although Ireland does offer community crèches which provide subsidised childcare under various schemes the state does not cover the burden of fees to such an extent as the Czech Republic. Ireland has already introduced a scheme very similar to the Czech Republic's **guaranteed kindergarten** places for three-year olds in the form of the Early Childhood Care and Education scheme and **it is operating successfully**. It benefits both the state and the family financially through the woman's return to work and allows the family to plan for this with confidence.

In the Czech Republic the significant changes in the flexibility of the monthly payment limits for parental allowance should make it more attractive to the parent with the higher income, normally the father, to avail of it. However, the impact of this has yet to be determined and therefore it is unknown if it is enough to overcome the cultural issue of childcare primarily being considered the role of the woman and the societal norm outlined that the mother should remain at home with child for the first three years. Although Ireland has similar cultural issues to overcome in relation to the role of the female being considered the primary carer, as the Child Benefit scheme is universally paid, and it is not designed to replace the income of either parent but to supplement the income of the family this policy would not be appropriate to transfer to Ireland. A paid paternity benefit scheme is already in place in Ireland however this is paid at a flat rate. It is acknowledged that fathers are more likely to avail of a paid allowance to care for children when it is linked to their income, but this alone is unlikely to affect the level of cultural change required and as Ireland does not currently have any social protection schemes including parental schemes where the payment amount is linked to earnings. All social protection schemes are paid at a flat rate amount. As such it would be very difficult to implement a scheme of paid parental leave similar to that of the Czech Republic.

4 Questions

The EU Work-Life Balance Directive⁹ proposes allowing member States to take into account any periods of and payment or allowance for family-related time off work, in

⁹ **Article 20(2b)** - For the purposes of complying with Articles 4, 5, 6 and 8 of this Directive and with Directive 92/85/EEC, Member States may take into account any period of and payment or allowance for family-related time off work, in particular maternity leave, paternity leave, parental leave and carers' leave available at the national level which goes beyond the minimum standards prescribed by this Directive and Directive 92/85/EEC, provided that the minimum requirements

particular maternity leave, paternity leave and parental leave available at national level which go beyond the minimum requirements of the maternity leave directive.

- How is this Directive going to affect the conditions that currently apply to the Czech parental allowance?
- Will it affect the flexibility that parents currently enjoy in terms of duration for the leave they can currently take?
- What are the issues in providing childcare services along the urban/rural divide in the Czech Republic?
- What measures have the Czech Republic introduced to encourage more fathers to take parental leave?

for the respective leaves as set out in these Directives are met and that the general level of protection afforded to workers in the field covered by these Directives is not reduced.

Annex 1 - Parental Leave in Ireland

Current Paid Parental Leave

Maternity Leave – 26¹⁰ weeks (2 weeks of which must be taken before the expected date of confinement)
Paternity Leave 2 weeks
Adoptive Leave 24 weeks
Health and Safety Leave – Paid from date of award to commencement of Maternity Leave

Current Unpaid Parental Leave

Maternity Leave – 16 weeks
*Parental Leave Scheme – 18 weeks each parent

Unpaid Parental Leave

Parents currently have an entitlement to 18 weeks each of unpaid parental leave which can be taken in respect of a child no later than the child's 8th birthday (It can be taken over a longer period in cases where the child is ill, adoptions etc.). On 8 March 2013 the European Union (Parental Leave) Regulations 2013 increased the amount of parental leave available to each parent per child from 14 weeks to 18 weeks.

*The Parental Leave (Amendment) Bill 2017 is a Private Members' Bill (PMB). This Bill proposes extending the current entitlement of 18 weeks of unpaid parental for each parent to 26 weeks of unpaid parental leave, an increase of 8 weeks for each parent. This leave does not have an associated Department of Employment Affairs and Social Protection payment.

EU Work-Life Balance Directive

In April 2017, the European Commission circulated a proposal for a new draft directive on parental leave / work life balance. General approach was agreed at EPSCO on June 21¹¹ 2018. The Directive's key proposal is that parental leave should be made available to parents on a paid basis. Ireland will implement the final proposal once it has been agreed

¹⁰ In the case of a premature birth the duration of paid leave may be longer than this depending on the number of weeks prematurely that the baby was born (as a result of measures introduced in Budget 2018).

¹¹ The final text will be agreed after the trilogues between the Parliament, Council and Commission

Annex 2 - Summary Table

The main points covered by the paper are summarised below.

Please summarise the main points covered by the paper. Give a maximum of five bullet points per heading.

Situation in the peer country

- Women are becoming mothers for the first time later in life.
- The majority of mothers reduce their working hours once they have a child.
- In Ireland women earn more than men but this changes once they have children.
- Costs of childcare in Ireland are high and are seen as a barrier to preventing parents from returning to the workforce or as limiting their availability to the workforce, restricting the hours in which they can work.
- Of the women who returned to work after childbirth, 62% made modifications to their working hours with 90% decreasing their working hours.

Assessment of the policy measure

- Paid Paternity Leave was introduced in 2016 with one of the aims being to encourage fathers to take a more proactive role in their children's life early on.
- 62% of fathers take paternity leave compared to the numbers of mothers who take maternity leave.
- There is a flat rate payment for both maternity and paternity benefit which may discourage both taking their entitlement concurrently.
- It is important to note that the paternity benefit legislation ensures no statutory obligation on an employer to continue to pay the normal salary during paternity leave. Employers have the option of providing a further top-up to the father's regular salary if they so choose.
- It is hoped that cultural attitudes regarding fathers taking parental leave from work will change over time.

Assessment of success factors and transferability

- Prior to the introduction of paternity benefit it was envisaged that the take up would be lower than that for maternity benefit due to a number of factors.
- These factors included parental choice, whether the father or relevant parent has sufficient PRSI contributions, whether they are self-employed and can afford to take the time off from their business and if an employee, whether or not their employer chooses to top up their wages.
- Greater flexibility for parental leave/benefits as per the Czech model (parental allowance) could increase take-up of paternity benefit.
- It is acknowledged that fathers are more likely to avail of a paid allowance to care for children when it is linked to their income (Czech Model).
- Ireland pays parental benefits (maternity and paternity at a flat rate) so the option of linking benefits' to income would require considerable change and would have significant costs.

Questions

- What are the issues in providing childcare services along the urban/rural divide in the Czech Republic?
- How is the EU WLB Directive going to affect the conditions that currently apply to the Czech parental allowance?
- Will it affect the flexibility that parents currently enjoy in terms of duration for the leave they can currently take?
- What measures have the Czech Republic introduced to encourage more fathers to take parental leave?

Annex 3 - Example of Relevant Practice

Name of the practice:	Paid Paternity Leave
Year of implementation:	2016 (1 September)
Coordinating authority:	Department of Employment Affairs and Social Protection and the Department of Justice and Equality
Objectives:	Introduced for the purpose of enabling the relevant parent to provide, or assist in the provision of, care to the child or to provide support to the relevant adopting parent or mother of the child
Main activities:	<p>The Department of Employment and Social Affairs developed their I.T platform to enable customers to apply for paternity benefit online at www.mywelfare.ie as well as by a paper application form</p> <p>The Department of Employment Affairs ran a number of awareness campaigns for the Paternity Benefit scheme on national & local radio, outside digital and Twitter. The aim of these campaigns was to highlight the benefits of the scheme and to push the take up rate and those claiming online higher</p>
Results so far:	<p>Uptake - Comparison of Paternity and Maternity Benefit Claims</p> <p>There were 62,053 births in 2017 but only 45,331 claims for maternity benefit which equates to approximately 73% of births. Both maternity and paternity benefits are not universal payments but social insurance payments.</p> <p>2017</p> <p>There were 26,559 paternity benefit claims paid in 2017 which was first full year of the paternity benefit scheme. This is approximately 62% when compared to the number of maternity benefit claims paid in 2017 of 43,037.</p> <p>2018 (to end of August)</p> <p>To the end of August this year there have been 15,983 paternity benefit claims paid. This is approximately 62% when compared to the number of maternity benefit claims paid in the same period of 25,714.</p>

