

Regulatory Impact Assessment of introducing 2 weeks paternity leave with a social welfare benefit

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Purpose of Regulatory Impact Assessment

This RIA examines the impact under the headings below of the introduction of a legislative provision allowing for 2 weeks paternity leave and a social insurance payment to be known as Paternity Benefit. This payment will be made to eligible fathers with the requisite PRSI contributions who avail of paternity leave from their employment at a payment rate similar to the current maternity benefit paid to mothers.

Decision

The introduction of 2 weeks paternity leave with a social insurance payment from September 2016 was announced by the Government in the Budget 2016.

Policy Context

Ireland is one of the few European Countries which does not have a provision in law for paternity leave. This type of leave is traditionally for a short period and taken by fathers around the time of birth of a new child. It assists the father to bond with his new child and give support to the mother. Currently some employers including the public sector and the HSE provide for 3 days (with full pay) of paternity leave. This is important as it reflects and acknowledges the active role fathers play in family life and may go some way to addressing issues around gender equality in family life. Many fathers see such a leave as a right and wish to take time off work to be with their child around the time of birth or shortly afterwards.

Ireland currently provides maternity leave of 26 weeks which attracts a social welfare benefit of up to €230 per week and an additional 16 weeks unpaid leave known as additional maternity leave. Unpaid parental leave of 18 weeks per parent per child is also available.

Policy Options

The recent Budget announcement (October 2015) to introduce a scheme of paternity leave and paternity benefit can only be effected through primary legislation. The necessary legislative changes will be made in the Family Leave Bill, the drafting of which was approved by Government in December 2012.

Impacts

Gender Equality

The introduction of paternity leave and paternity benefit will have a positive on gender equality. Ireland is one of the few European countries without such leave. Evidence shows that fathers want to spend time caring for and being

with their children and families. Currently fathers use other existing leave arrangements to take time off around the birth of their child to support their families. The fact that this proposed paternity leave can be taken any time within a 26 week period of the birth of a child could lead to fathers spending increased time with their children and families around the child's birth. Evidence from countries such as Norway shows that paternity leave – aside from its social benefits and positive impact on fatherhood – promotes equality for women and supports higher levels of female participation in the labour force.

Jobs, Competiveness and Industry Costs

Any additional costs for employers and industry will depend on the rate of take up of paternity leave. Where an employer decides to top up an employee's paternity benefit to their usual salary (where that is a higher amount) additional costs will arise for that employer. There may also be additional costs where a member of staff is replaced while on paternity leave. However, the experience in other European countries is that full take up by eligible employees is unlikely. For example, in the UK only some 50% of fathers avail of such leave entitlement. It should also be noted that many private employers already voluntarily granted some paternity leave. 3 paid days paternity leave are currently granted to many staff in the public sector. It is also envisaged that paternity benefit will be taxable in the same way that maternity benefit is.

Other Impacts

There are no impacts on North-South, or East- West relations, rural communities, quality regulation or people with disabilities. The impacts on poverty are marginal - with a potential positive impact insofar as the benefit of the proposed leave for childcare arrangements are greater for those in employment on low incomes.

Linkages with other areas of Government Policy Entrepreneurship Forum (2013)

The report of the Entrepreneurship Forum (January 2014) prepared by the Department of Jobs, Enterprise and Innovation on strengthening community business start ups recommended a more flexible social welfare and family leave arrangement to encourage more female entrepreneurs.

National Policy Framework Children and Young People 2014-2000

The Report – **Better Outcomes Brighter Futures** – launched in April 2014 by the Department of Children and Youth Affairs includes reference to evaluating current policy with regard to maternity and parental leave with a view to the possible introduction of paternity leave.

The Expert Advisory Group on the *Early Years Strategy*

The 2013 report of the expert group (established by the Department of Children and Youth Affairs) entitled *Right from the Start* noted the absence of any statutory paternity leave in Ireland, “*even though a child's first year is a critical time for generating attachment relationships between children and both*

mothers and fathers – and for the development of caring roles”. The Report went on to say “to support parents and to enable active parenting by both parents early in a child’s life, there is a need for a period of statutory paternity leave at the time a child is born and, in addition, for paid leave after 26 weeks to take the form of parental leave, allowing families to make their own choice as to which parent takes the leave”.

European Union Context

The introduction of paternity leave will bring Ireland into line with most other European countries and comes at a time when the European Commission is reviewing its policy options for better addressing the challenges of work-life balance faced by working families. The Commission in its August 2015 Communication – “*New start to address the challenges of work-life balance faced by working families*” proposes to examine the best mix of available policy tools to deliver effective results including examination of a wider range of issues that face working parents and carers in their daily lives, including various forms of maternity and parental, work/life balance and the role of carers, to see how action at EU level can best contribute..

Exchequer Costs

The principal costs to the Exchequer will arise from:

- The cost to the social insurance fund from financing a new social insurance benefit
- The reduction in productivity in the public sector from the increase in the amount of paternity leave that can be taken from 3 days to 2 weeks
- An increase in the public sector pay budget should a decision be taken to top up the salaries of public servants who take paternity leave.

Cost of Benefit Payment

It is very difficult to estimate the likely take up of Paternity Benefit in advance but the Department of Social Protection estimates that it could be approximately 40,000 recipients in a full year. Therefore an estimate of the full year cost for Paternity Benefit is €20 million, which was announced in Budget 2016.

Cost Implications for Employers

The legislation will place no statutory obligation on an employer to continue to pay normal salary during paternity leave however many employers including the public sector currently grant some paternity leave. Currently a period of 3 days paternity leave is provided to many staff in the public sector. If a decision was taken that people on paternity leave were to get full pay, then there would be an additional cost for public sector employers.

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