

Abstract of advisory report:

Optimisation of leave arrangements after the birth of a child

[Optimalisering verlof na geboorte kind, no. 1 February 2018)]

In its advisory report *A working combination. Combining work, study and care in the future*,¹ the Social and Economic Council of the Netherlands announced that it would undertake further research on the proposed optimisation of leave arrangements in the first year after the birth of a child. It would now like to share its most recent findings.

The Council has focused on the plans set out in the coalition agreement to extend paternity leave/ partner leave by three days (paid by employers at 100 percent of earnings) and to introduce a supplementary paternity leave/ partner leave of five weeks (an earning-related payment at 70 percent of earnings funded by the unemployment fund, which is financed by employers).

In issuing this advisory memorandum, the Council is also responding to the House of Representative's request for an opinion on the optimisation plans.²

Necessity of reforming leave after the birth of a child

In the advisory report referred to above, the SER argues that the first year after birth is a crucial period in terms of both the parents' employment prospects and the child's development and wellbeing. During that first year, parents often make decisions on work and care that set an overall pattern for the rest of their careers.

It is the Council's view that the current leave arrangements are less than ideal. There are still many people who would like to go on leave but are unable to do so. Women are also more likely to go on leave than men, and do so for longer periods. In its report, the Council also observed that leave arrangements are utilised mainly within the Dutch context of part-time work. Parental leave is also often a part-time affair, something that is facilitated by its institutional design. In its report, these considerations led the Council to conclude that the leave arrangements should be amended.

Aims of amending leave arrangements

One important aim of amending the current leave arrangements is to promote employment participation among women, give them more options for combining work and care, and offer them a wider variety of job and career patterns.³

Another aim is to support child development by giving the child a certain measure of continuity and stability in care during its first year. The SER advisory report *An equal*

¹ SER (2016) *Een werkende combinatie. Advies over het combineren van werken, leren en zorgen in de toekomst*, advisory report presented to the Dutch Minister of Social Affairs and Employment in October 2016.

² Motion submitted by MPs Van Kent and Jasper van Dijk (21 June 2017) and adopted by the Dutch House of Representatives before the 2017 summer recess. In their motion, the MPs observe that the SER, in its advisory report *A working combination*, announced that it would be issuing another advisory report on the subject of parental leave; they request that the Government ask the SER about the status of this advisory report and request to have advisory report on parental leave submitted to the House as quickly as possible.

³ For the aims and effects of leave on employment participation, see: SER (2016) *Een werkende combinatie*, Part I Summary and vision.

start [Gelijk goed van start, an advice on provisions for young children in the future] points out how important the first few years of life are for a child's development.

Leave arrangements also allow fathers to spend more time taking care of their new baby. This can be important to the child's development but also promote more gender equality in work and care. If more fathers were to make better use of leave arrangements, there would likely be a more equal division of care tasks between parents. Women would then have more time to play an active role in the labour market. All this naturally depends on the broader framework of flexible working hours, available – and affordable – child care, and the evolving market for personal and household services.

Given the above aims, the Council's advisory report advocates optimising leave arrangements (and their take-up) in the child's first year by encouraging parents to make use of such arrangements, extending the number of options available to parents (both fathers and mothers) in that first year, and streamlining and integrating the various arrangements. The Council has also identified a number of overall criteria to which such amendments should be subject. Parents who go on leave should focus more on the original purpose of the leave arrangements: to allow them to care for their infant.

Basic principles for amending leave arrangements

The Council recognises similarities between the leave plans described in the coalition agreement and its own earlier arguments. Extending the period of leave and introducing paid leave for partners improves the leave arrangements for fathers. Nevertheless, the Council does not regard the Government's plans as either optimised or future-proof. They ignore one important aim, i.e. to promote employment participation among women. They do not give mothers more options for combining work and care. The Council also questions the patchwork nature of the leave arrangements and financing methods. Arrangements have accumulated in a piecemeal fashion, and the various arrangements are also subject to differing criteria and financing methods, leading to a very complex system in practical terms. The proposed financing method will also place a unilaterally heavier burden on employers and thus erode support for the arrangements as envisaged. It will furthermore not reflect the public interest or benefits to society. All these points argue in favour of the Government stepping up and taking responsibility within the context of the financial arrangements. That responsibility is justifiable because it is the Government's task to promote the common good in terms of revenue effects (for example a higher employment participation rate among women) and substitution effects (for example saving on all-day child care in the child's first year).

The Council's recommendation is to integrate various arrangements, improve leave options not only for men but also for women, and introduce a financing method in which the responsibilities and financial burdens are shared. Doing so could lead to more a more progressive, gender-neutral, emancipated and streamlined system of arrangements. It is with this aim in mind that the Council is making the following proposals.

Proposal for amending leave arrangements after the birth of a child

The first important step is to *simplify* leave by integrating several existing arrangements (parental leave, paternity/ partner leave and supplementary paternity/partner leave) into a single parental leave system.⁴ The new, integrated system will offer the same amount of parental leave as the current arrangements, i.e. an individual and non-transferrable right to 26 x the number of working hours per week.

To encourage *both* parents/carers of young children living at home to take up parental leave, part of the leave period will consist of paid leave. The amount of leave counted as paid leave will depend on the number of working hours per week, with a maximum of six weeks. One important factor when determining the amount to be paid is that it should encourage parents to go on leave *but also* have a positive effect on employment

⁴ Pregnancy and maternity leave and emergency leave will remain as they are.

participation. It should also be designed to encourage uptake by low-income parents. Recent developments at various companies further show a trend towards making supplementary arrangements regarding the length of leave and paid leave.

One possible criterion might be that both partners must go on paid leave within a certain period after the birth of their child (for example within 26 weeks) and have the opportunity to care for their child themselves after birth. Another possible criterion might concern the sequential or complementary nature of the leave. Further study is necessary, for example regarding the consequences for practical implementation of the arrangements.

The second step is to change the funding system and introduce a government funded paid parental leave, in keeping with the Council's earlier arguments.

In the light of the coalition agreement, the Council considers that the Government should already be taking steps to develop its plans for extended and additional paternity/partner leave, integrate it into an overall system of parental leave, and introduce a government funded paid parental leave. The Council would also like to see the Government take the next step by extending paid parental leave to mothers, in part to encourage more women to enter – and remain in – the workforce.

In the longer term, the Government should evaluate the effects and review the length of paid leave in light of its findings. The evaluation should cover both employment participation effects and trends in the use of leave. It should also consider possible trends in the EU's policy on work and care. The European Commission has proposed a 16-week period of paid parental leave. Given the changes in the labour market and the increasing variety of different employment relationships, another factor is whether all working people are adequately equipped to combine work and care tasks.

The Council further regards it as important to work on making leave arrangements future-proof in the longer term. The outlines described in this memorandum are an initial attempt to do so.

Final remarks

The Council realises that its proposals represent an alternative approach. You have indicated that you will involve the social partners in your plans. With a view to optimising leave after the birth of a child, the Council would ask you to consider the present proposal as you work out the details of these plans and discuss it with the social partners.

Sincerely,

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President

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Secretary-General