Chile¹

Maria Jose Bosch (ESE Business School – Universidad de los Andes)

April 2019

For comparisons with other countries in this review on leave provision and early childhood education and care services, please see the <u>cross-country</u> <u>tables</u> at the front of the review (also available individually on the Leave Network website). To contact authors of country notes, see the <u>members</u> page on the Leave Network website.

1. Current leave and other employment-related policies to support parents

a. Maternity leave (pre y postnatal maternal) (responsibility of Ministry of Labour and Social Security)

Length of leave (before and after birth)

• 18 weeks: six weeks before birth, and 12 weeks after birth. It is obligatory to take the whole period. In addition, women are entitled to a further 12 weeks of leave after obligatory Maternity leave is finished.

Payment and funding

• Dependent worker: During the leave, the salary is paid by the health insurance institution of the employee. In Chile each employee can choose between a private (ISAPRE) or public (Compin-FONASA) health insurance. 100 per cent of the salary is covered, with a taxable

¹ Please cite as: Bosch, M.J. (2019) 'Chile country note,' in Koslowski, A., Blum, S., Dobrotić, I., Macht, A. and Moss, P. (eds.) *International Review of Leave Policies and Research 2019*.

Available at: http://www.leavenetwork.org/lp_and_r_reports/

cap of UF73.20²[\in 2,675.26].³ To avoid salary fluctuations, the insurance company calculates an average income for three months from the beginning of the Maternity leave. Meanwhile the institution also pays the obligatory monthly contribution to pension insurance (ten per cent).

 Independent worker: Maternity leave is covered for independent workers who issue invoices. Health insurance provides a monthly payment of the average income of the worker, which is calculated based on the commercial invoice issued three months before the beginning of the Maternity leave. 100 per cent of the salary is covered with a taxable limit of UF73.20 [€2,675.26].

Flexibility in use

- Women can choose to go back to work on a part-time basis for the second period of leave (after obligatory leave), in which case they may extend this leave period by six weeks to a total of 18 weeks.
- Women can choose to transfer a period of the second part of her leave to the father. This transfer can be done in one of two ways: one way is for the mother to transfer the last six weeks of full-time leave to the father and his health insurance pays 100 per cent of his earnings and pension insurance up to a taxable limit of UF73.20 [€2,675.26]; or the other way is for the mother to transfer 12 weeks of part-time leave to the father and his health insurance pays 50 per cent of his earnings and pension insurance, while the employer pays the other 50 per cent.

Eligibility (e.g. related to employment or family circumstances)

- Dependent worker: all employees with permanent job contracts are entitled to take Maternity leave. Employees on fixed-term contracts must meet the following conditions:
 - Renewal of their contract.
 - If the contract is not renewed the worker must have at least:
 - One year of contribution to the pension system through the AFP (administration of the individual pension funds).

² Unidad de Fomento (UF) is a unit of account used in Chile, adjusted in line with inflation. It was created in 1967 to maintain the value of savings against inflation. Later, its use was extended to the financial system, pensions system, heath system, education, and other fields. One UF is equivalent, approximately, to €36. ³ Conversion of UF currency to Euro undertaken for 24 June 2019, using: https://fx-rate.net/CLF/EUR/.

- The last contribution to the pension system must be as a dependent worker, no matter the type of contract (permanent or fixed-term).
- Independent worker: independent workers are entitled to Maternity leave if they meet the following requirements:
 - A one-year contribution to the pension system (AFP).
 - At least six contributions to the pension system during the last 12 months before stopping work before giving birth.
 - Contribute to a health insurance institution (public or private).

Variation in leave due to child or family reasons (e.g. multiple or premature births; poor health or disability of child or mother; lone parent); or delegation of leave to person other than the mother

- If any health complications are detected by a doctor during pregnancy, the worker is entitled to supplementary leave before the birth: the length is specified by the doctor and a medical certificate is required.
- In the case of multiple births, the leave is extended by seven days for every child, starting with the second baby.
- In the case of a premature birth, Maternity leave is extended from 12 to 18 weeks after birth. In the case of a premature and multiple birth, the longer extension applies.
- If childbirth occurs more than six weeks after the mother started her pre-birth leave, the pre-natal leave is extended until the date of the birth.
- If the mother has any health problems because of childbirth, Maternity leave is extended according to medical judgement.
- If the mother dies during or after childbirth, all Maternity leave rights are transferred to the father or a legal guardian.
- If the child dies during or after childbirth, the mother is entitled to use Maternity leave, though it is not obligatory.

b. Paternity leave (Permiso pagado del padre en caso de nacimiento - postnatal paternal) (responsibility of the employer)

Length of leave

• Five working days. It is obligatory to take Paternity leave.

Payment and funding

• 100 per cent of earnings, paid by the employer.

Flexibility in use

• The father can choose to take leave in one continuous period immediately after childbirth or can distribute the five days over the first month after the birth.

Eligibility (e.g. related to employment or family circumstances)

- All employees are eligible if they have a contract (permanent or fixed-term).
- Self-employed workers do not receive any payment.
- Fathers who are deprived of their parental rights by a court lose all their rights of Paternity leave and transferred Maternity leave.
- Same-sex couples are not recognised in Chilean law.

c. Parental leave

No statutory entitlement.

d. Other employment-related measures

Adoption leave and pay

• Parents that adopt a child are entitled to the same leave as biological parents. If the adopted child is over six months of age, the mother is only able to use the first part of Maternity leave.

Leave to care for sick children less than a year old (responsibility of Ministry of Labour and Social Security)

- Every working mother or father is entitled to paid leave in the case of serious illness of a child under the age of one. This must be certified by a doctor who should also specify the length of the leave. Paid at 100 per cent of earnings by the parent's health insurance with a taxable cap of UF73.2 [€2,675.26].
- The father can take the leave only if the mother allows it. In case the mother dies, all her rights are transferred to the father. In the case of single mothers, these rights are transferred to the legal guardian of the child.

Leave to care for sick children with serious illness⁴

- In the case of serious illness (i.e. cancer, organ transplant, or terminal disease) or a serious accident impacting a child between one and 18 years of age, every working mother is entitled to take up to ten days' leave (or the equivalent hours). The employee chooses how to distribute the hours (e.g. as complete days, partial days, or a combination). If both parents work, the mother can transfer this leave to the father.
- 100 per cent of earnings is paid to employees on leave, but employees must return the equivalent working hours to the employer, although there is no time limit for when this must be done.
- To apply for this leave, an employee must have a job contract and have paid eight contributions to pension insurance in the 24 months preceding the start of leave.

Time off for the care of dependents (responsibility of National Disability Service and Ministry of Social Development)

 Every worker is entitled to take a leave of up to ten days per year to care for a disabled person for whom they are responsible. The period of leave taken should be made up by working extra hours or using holidays; if this cannot be done, earnings are reduced. To use the leave, the dependent person must be enrolled in the National Disability Registration. Any carers can use the leave, however the decision for a male worker to use leave rests with his female partner (unless she has died).

Specific provision for (breast)feeding

- Every working mother has the right to use at least one hour daily to feed a child under the age of two. This can be taken in one of three ways: during the working day; dividing the breastfeeding hour into two half hours (at the beginning or at the end of the working day); or postponing the beginning of the working day or leaving earlier.
- The employee receives a 100 per cent of her earnings.

2. Relationship between leave policy and early childhood education and care policy

⁴ Biblioteca del Congreso Nacional de Chile. (2016). Recuperado el 14 de Marzo de 2019, de Ley Fácil: https://www.bcn.cl/leyfacil/recurso/licencia-medica-parael-acompanamiento-de-hijos-e-hijas-enfermos-graves-o-en-estado-terminal

Technically there should be no gap between leave and early childhood education. The Labour Law established that all companies that employ more than 20 female workers must either provide a day nursery or pay for this service outside of the workplace.⁵ However, this benefit became a 'tax' for female employment, because adopting it means an increase in the cost of labour for the employer. Therefore, in practice, this provision is not universal. At the same time, public services have increased their coverage, efficiency, and quality for their target population: every child between birth and five years of age in the bottom 60 per cent of households, in terms of wealth. In this context, the government has developed three programmes:

- Chile Crece Contigo: this inter-sectoral policy deals with early childhood development, covering health, education, social protection, justice, and employment, with guidelines from the Ministry of Social Development, and offering all its services at a local level. ECEC is the largest budgetary item on this programme, but there are no official statistics for coverage rates.⁶
- Two other programmes provide ECEC for vulnerable families:
 - Kindergartens administered by the National Council of Kindergartens (Junta Nacional de Jardines Infantiles- JUNJI).
 - Kindergartens and day nurseries administered by the Integra Foundation.

In 2017, JUNJI kindergartens and nurseries⁷ covered 98 per cent of the target population, that is the children from the bottom 60 per cent of households, in terms of wealth, enrolled in the Social Registry of Homes (*Registro Social de Hogares*). However, attendance is still a challenge, as only 77.2 per cent of the enrolled children attended regularly. The situations of the Integra Foundation,⁸ that of kindergartens, and of nurseries are similar: the programme covered 96.6 per cent of its target population, but regular attendance was 84.5 per cent, higher than JUNJI administrated nurseries. Chile is working to cover the gap that parents

⁵ Dirección del Trabajo. (2019). *Código del Trabajo.* Santiago de Chile.

⁶ PNUD. (2014). *Chile Crece Contigo: El desafío de la protección social a la infancia.* Santiago de Chile.

⁷ Ministerio de Desarrollo Social. (2017). *Inform de Seguimiento de Programas Sociales: Jardín Clásico Administrado por Junji y Vía Transferencia de Fondos.* Santiago de Chile.

⁸ Ministerio de Desarrollo Social. (2017). *Informe de Seguimiento de Programas Sociales: Jardines Infantiles y Sala Cuna de Administración Delegada.* Santiago de Chile.

experience between Parental leave and ECEC, but these efforts are mainly aimed at the most vulnerable families in the country. On the other hand, the law that requires employers to provide nursery provision is a real obstacle to women joining the labour force. Levels of attendance at formal services for children under the age of three are below the average for the countries included in this review and for OECD countries, but are around the average for children over three years of age. For actual attendance levels, see 'relationship between leave and ECEC entitlements' on <u>crosscountry comparisons</u> page.

3. **Changes in policy since April 2018** (including proposals currently under discussion)

Since 2018, many proposals on ECEC policy were discussed in the national congress. The most discussed measure has been the Universal Day Nursery Law (*Ley de Sala Cuna Universal*), intended to modify the current situation in which employers must cover childcare costs, an obstacle to women's employment.⁹ The main purpose of this new law is to end discrimination against women, decrease the additional cost associated with employing women, and to entitle every child to a good quality nursery place in establishments approved by the Ministry of Education. To manage this, the bill proposes that every dependent or independent worker is entitled to ask for a benefit up to CLP\$245,000 [€314.96]¹⁰ to pay for a nursery if they meet the following requirements:

- having a child under two-years old.
- being affiliated to the pension system through the AFP.
- in the case of independent workers, having made at least six months of contributions to the pension system through the AFP.
- being the mother of the child.
- being the father of the child with their exclusive custody.
- being the father of the child with a legal permission of the mother to ask for the benefit.¹¹

The policy would be funded by a new social security contribution, paid by the employer of 0.1 per cent of every employees' taxable income (women

- ¹⁰ Conversion of CLP currency to Euro undertaken on 24 June 2019, using: https://www1.oanda.com/currency/converter/
- ¹¹ Gobierno de Chile. (2018). *Proyecto de Ley Sala Cuna Universal*. Recuperado el 18 de Marzo de 2019, de https://www.gob.cl/salacunauniversal/

⁹ Ministerio de la Mujer y Équidad de Género. (2018).

and men). A solidarity fund would be created to manage the resources collected. $^{\rm 12}$

Flexible working is another change in labour legislation that has been discussed, to promote work-family balance and to include people in the labour force who are unable to work conventional hours due to a diverse range of personal situations.¹³ Since 2018, the national congress has been undertaking a systematic review to map a wide variety of crucial points related to distance working, such as the definition of the working day, job contracts, security, and hygiene.¹⁴

4. Uptake of leave¹⁵

a. Maternity leave

Data on the use of the obligatory period of Maternity leave is available for up to 2016. According to the Ministry of Labour and Social Security, approximately 40 per cent of mothers took Maternity leave between 2013 and 2016, with a small increase of 3.9 per cent over that period. This figure includes all mothers, but Maternity leave can only be taken by women who are employed, and the female employment rate is 48.5 per cent.¹⁶ The

¹² Libertad y Desarrollo. (2018). *Sala Cuna Universal: Objetivo acertado, financiamiento y focalización debatibles.* Santiago de Chile: Temas Públicos.

¹³ Gobierno de Chile. (2018). *Trabajo a Distancia*. Recuperado el 18 de Marzo de 2019, de https://www.gob.cl/trabajoadistancia/

¹⁴ Cámara de Diputados de Chile. (13 de Agosto de 2018). *Cámara de Diputados de Chile*. Recuperado el 18 de Marzo de 2019, de

https://www.camara.cl/prensa/noticias_detalle.aspx?prmid=134867 al/

¹⁵ Departamento de Estadísiticas e Información en Salud. (2016). *Departamento de Estadísiticas e Información en Salud*. Recuperado el 13 de Marzo de 2019, de Base de Datos Nacimientos: http://www.deis.cl/bases-de-datos-nacimientos/#

Ministerio del Trabajo y Previsión Social. (2017). *Protección a la maternidad en Chile: Evolución del postnatal parental a cinco años de su implementación 2011-2016.* Santiago de Chile.

Superintendencia de Seguridad Social. (2019). *Estadísticas de Seguridad Social*. Recuperado el 13 de Marzo de 2019, de http://www.suseso.cl/608/w3propertyvalue-10364.html

¹⁶ INE. (2017). *Brechas de género en el mercado laboral chileno a nivel nacional*. Recuperado el 15 de Marzo de 2019, de

http://historico.ine.cl/genero/files/estadisticas/pdf/infografias/0_infografia_brech a_genero_mercado_laboral.pdf

data also does not include women working in national defence (army, air force, navy, and police).

The additional period of part-transferable Maternity leave started in 2012. That year, 37.4 per cent of mothers took the leave: this number had increased to 43.4 per cent in 2016. Approximately 99 per cent of women who took the leave did so full-time, which means taking 12 weeks of leave. Women who took part-time leave had double the earnings of those who did not. Nevertheless, only 16.2 per cent of women who used part-time leave had earnings above the taxable limit of UF73.2 [€2,675.26], which means that this limit on payment is not the main reason to choose this option.

Leave is transferred to fathers in very few cases. Only 1,157 transfers have been made from 2011 to 2016, which means only 0.24 per cent of fathers have used this benefit. The average number of days taken was 33.8: i.e., less than the six weeks allowed. According to the Ministry of Labour and Social Security, this low level of transfer is due to several reasons:

- Many women are still breastfeeding at a time when they might transfer leave.
- The decision to transfer Parental leave is with the mother.
- The legal procedure for transferring leave is complex and unknown in most human resources departments due to its low uptake.

b. Paternity leave

There is no information available.

c. Parental leave

No statutory leave entitlement.