



**CFUW** CANADIAN  
FEDERATION OF  
UNIVERSITY WOMEN



**YWCA**  
CANADA

A TURNING POINT  
FOR WOMEN  
UN POINT TOURNANT  
POUR LES FEMMES

## **Submission to the House of Commons Standing Committee on Finance Study on Income Inequality in Canada**

**Canadian Federation of University Women  
YWCA Canada**

**April 5, 2013**

---

### **Banking on Women: Gender & Reducing Income Inequality in Canada**

“The most important determinant of a country’s competitiveness is its human talent - the skills, education and productivity of its workforce - and women account for one-half of the potential talent base throughout the world. Over time, therefore, a nation’s competitiveness depends significantly on whether and how it educates and utilizes its female talent.”

**The Global Gender Gap Report 2010**

#### **Why Women? Income Inequality and Gender**

Despite attaining increasingly higher levels of education and a multi-decade upward trend in labour market participation, women’s employment rate continues to lag behind men’s by approximately 10%.<sup>1</sup> Women make up 47% of the nation’s taxpayers, yet earn only 71% of what men earn, measured in annual earnings of full-time, full-year workers.<sup>2</sup> The earned income gap between men and women in Canada is one of the highest among OECD countries, with women earning an average income of \$31,949, compared to \$51,043 for men.<sup>3</sup> Women are more likely to be employed in part-time, low paying, and precarious jobs<sup>4</sup> - 22% of working women are employed part-time compared to 7.4% of men,<sup>5</sup> and are less likely to assume managerial and leadership positions.

The percentage of women in Canada living below the poverty line is higher than that of the general population, and is significantly higher for Aboriginal women, women with disabilities and racialized women; that is, for women who have historically faced barriers of discrimination in Canada.<sup>6</sup> Aboriginal women have an average annual income of \$13,300. The poverty rate for First Nation, Métis and Inuit women raising children on their own is over 70%, and these are the fastest growing populations in the country.<sup>7</sup> Addressing income inequality in Canada requires addressing the realities of First Nation, Métis and Inuit women’s lives. We recommend the

Committee review the report *Gender Matters: Building strength in reconciliation* by the Native Women's Association of Canada and Justice for Girls.

With the highest levels of working mothers in our history, 22% of mother-led families still have incomes below the poverty line.<sup>8</sup> The median income for single moms remains almost a third lower than for single dads and poverty rates for female single-parent families are three times that of male single-parent families.<sup>9</sup>

Income inequality and poverty have harsh consequences for women and their children, including increased risk of homelessness, vulnerability to gender-based violence, criminalization, and reduced physical and mental health. For children these can impact across the lifespan.

## **Reduce Income Inequality by Improving Gender Equality**

### **Child Care: Put an Abandoned Tool to Work**

The single most effective strategy to increase women's labour force participation and reduce income inequality for women is access to affordable, quality child care. Investment in child care returns a net benefit for both provincial and federal governments, increases women's participation in the workforce, and reduces poverty for women and their children.

The evidence on Quebec's universal child care program shows child care is an economic stimulus that supports mothers, especially single mothers, to join the job market, increase their incomes and increase GDP. Between 1996, when child care was introduced in Quebec, and 2008, 70,000 more mothers entered the workforce, adding \$5.1 billion to Quebec's gross provincial income. During the same period, the number of single mother led families on social assistance declined from 99,000 to 45,000. Relative poverty rates for single parent families headed by women dropped from 36% to 22%. Their real, after-tax median income jumped by 81%.<sup>10</sup>

#### **Economic Impact of Universal Child Care on Single Mothers in Quebec 1996-2008:**

- 81% increase in after-tax median income.
- 54% decrease in families on social assistance.
- 22% increase in single mothers with pre-schoolers in the work force.

Université de Sherbrooke, 2012

The positive impact of universal, affordable child care on women's labour force activity is maintained over the long-term, an effect that is most pronounced for mothers without a university degree.<sup>11</sup> These results point to universal, affordable child care as a key strategy to reduce income inequality.

### **Return to Affordable Education**

A federal government focus on ensuring women can access employment commensurate with their education and training and work to their full capacity will reduce income inequality and enhance economic growth. Since 1970, a "dramatic reversal has taken place on Canadian university campuses."<sup>12</sup> In 1971, 32% of university graduates aged 25-29 were female, by 1991, 51% were female, and by 2006, 60% were young women.<sup>13</sup> Education has immense power to

improve the economic prospects of girls and young women. For example, in 2006, the median income of Aboriginal people was 30% lower than that of other Canadians, but the median income of Aboriginal women who held a Bachelor's degree or more was higher than that of non-Aboriginal women with equivalent education.<sup>14</sup>

With 70% of new jobs requiring a university or college degree<sup>15</sup>, higher education needs to be accessible and affordable, yet the cost of post-secondary education continues to climb. A four-year university degree can cost over \$60,000, and if trends continue this could rise to more than \$140,000 for a child born in 2012.<sup>16</sup> Currently, undergrads complete school with an average loan of \$19,000<sup>17</sup> and almost 400,000 students borrowed to finance their education in 2011. Debt aversion is one of the main reasons why education is not a major priority for people who face multiple barriers and for whom poverty rates are highest.<sup>18</sup> Young women from lower income families, trying to improve their economic prospects, are among those borrowing money.

### **Reduce Violence, Poverty & Homelessness**

Despite gains in education and employment, many women still face poverty and violence and live at high risk of homelessness. Violence and abuse drive up to 100,000 women and children out of their homes to emergency shelters each year, with no guarantee of housing they can afford when they leave. The annual cost of violence against women is estimated at over \$6 billion.

Women's homelessness – including women with children – has grown rapidly over the last two decades due to reductions in social programs and funding. Welfare rates range from 20-76% below the poverty line (LICO-AT) across the country. Shelter allowances don't meet the actual cost of rent. Women struggle to cover essential needs or take the risk of not paying the rent and losing their housing. Most homeless families are one-parent families, and women parenting on their own enter shelters at twice the rate of two parent families. More often than not, these are young mothers with young children. More than a third – 37% – of single mothers with paid employment are working for less than \$10 per hour.<sup>19</sup>

The federal policy direction toward increased incarceration has contributed to the criminalization of women living in poverty and survivors of violence.<sup>20</sup> Most women (80%) are imprisoned for economic related crimes, and the vast majority of property crimes for which women are charged involve either fraud or theft under \$5,000.<sup>21</sup> Among federally sentenced women, 80% have experienced physical abuse and 53% sexual abuse, prior to incarceration. For Aboriginal women, the incidence is over 90%.<sup>22</sup>

### **Use Gender-Based Analysis and Budgeting**

When devising socio-economic policies and tax measures to reduce income inequality, it is essential that the federal government systematically apply Gender-Based Analysis (GBA), including during the creation of budgets. GBA shows the economic stimulus package, job creation strategies, tax cuts and credits are not gender neutral. Successive federal budgets have focused on stimulating infrastructure, construction, resource development and extraction, where

women make up a small minority of workers. A focus on these industries, while cutting the public sector where women tend to work in higher paid, more secure, positions exacerbates women's income inequality and economic insecurity. Men have also been the major beneficiaries of cuts to the GST rate, corporate tax cuts and benefits, personal income tax cuts, and changes to Employment Insurance.<sup>23</sup>

### **Adopt Pay Equity and Employment Equity**

The lack of proactive national pay equity legislation contributes to women's income inequality. Ontario and Quebec are the only provinces with comprehensive pro-active pay equity legislation covering both private and public sectors. Additional factors that contribute to employment and income inequities between women and men include inaccessible and unaffordable elder and child care services,<sup>24</sup> lack of role models, exclusion from informal networks,<sup>25</sup> and biases against women, including negative career and gender stereotyping.<sup>26</sup> This is particularly true for occupations in the sciences, engineering and skilled trades, which tend to pay higher wages, and have been traditionally dominated by men. The federal government should develop and implement a national strategy to address barriers to women's successful entry and advancement in these fields, including promoting inclusive workplace cultures, in collaboration with provincial and territorial governments, business, labour, and industry associations.

### **Recommendations**

- **Reinstate legally enforceable standards for social assistance** that existed under the Canada Assistance Plan. Removal of these has eroded incomes and exacerbated income inequality.
- **Eliminate income support policies that trap women in poverty:**
  - **End deduction of child support payments** from social assistance income
  - **Increase limits on earnings** before deductions are taken from social assistance
  - **Reduce restrictions on attending educational institutions** and receiving grant and loan support while receiving social assistance
  - **End requirements to dispose of all assets** before social assistance can be accessed
  - **Reverse the decline in access to Employment Insurance.**
- **Develop universal affordable, quality child care** and early learning across the country through discussions with provincial and territorial governments.
- **Improve the accessibility and affordability of home care and long term care** in collaboration with provincial and territorial governments.
- **Implement the recommendations of *Towards Gender Responsive Budgeting: Rising to the Challenge of Achieving Gender Equality***, Report of the Standing Committee on the Status of Women, (Feb. 2009).
- **Increase the Canada Child Tax Benefit** incrementally to reach a minimum of \$5000 over the course of 5 years to address the poverty of female-led lone parent families.
- **Implement recommendations of the 2004 Pay Equity Task Force.**
- **Reduce the criminalization of women, particularly First Nation, Métis and Inuit women, and their incarceration through appropriate diversion and prevention programs.**

**Contacts:**

**Ann Decter, Director of Advocacy and Public Policy YWCA Canada, 416-275-0443,  
adedcter@ywcacanada.ca**

**Tara Fischer, Advocacy Coordinator, Canadian Federation of University Women, 613-234-8252,  
cfuwadvocacy@rogers.com.**

- 
- 1 Statistics Canada (2013). Labour Force Information. Retrieved from: <http://www.statcan.gc.ca/pub/71-001-x/71-001-x2013002-eng.pdf>.
  - 2 Statistics Canada, *Women in Canada: A Gender-based Statistical Report, Economic well-being, 2010/2011*, 6th edition.
  - 3 OECD, *Gender Pay Gaps For Full-Time Workers And Earnings Differentials By Educational Attainment*. OECD, Social Policy Division: Directorate of Employment, Labour and Social Affairs, 2010.
  - 4 Statistics Canada (2011). Full-time and Part-time Employment by Sex and Age Group. Retrieved from: <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/labor12-eng.htm>.
  - 5 Statistics Canada (2013) and Statistics Canada (2011).
  - 6 Based on Low-Income Cut-Off After Tax (LICO-AT). Statistics Canada, *Women in Canada: A Gender-Based Statistical Report, 2005*.
  - 7 YWCA Canada, *When There's No Place Like Home: A Snapshot of Women's Homelessness in Canada*, 2012.
  - 8 Based on the LICO-AT, and Statistics Canada, *Income of Canadians*, 18 June 2012.
  - 9 Statistics Canada, *Income of Canadians*, 18 June 2012 and Statistics Canada, "Economic Well-Being." *Women in Canada: A Gender-based Statistical Report*. Government of Canada, 2010.
  - 10 Fortin et al, *L'Impact des services de garde à contribution réduite du Québec sur le taux d'activité féminine, le revenu intérieur et les budgets gouvernementaux*, Université de Sherbrooke, 2012
  - 11 Fortin et al, *L'Impact des services de garde à contribution réduite du Québec sur le taux d'activité féminine, le revenu intérieur et les budgets gouvernementaux*, Université de Sherbrooke, 2012
  - 12 . M. Frenette & K. Zeman, *Why are the majority of university students women?* Statistics Canada, December 2008.
  - 13 Frenette & Zeman, *Why are the majority of university students women?* Statistics Canada, December 2008.
  - 14 D. Wilson & D. Macdonald, *The Income Gap Between Aboriginal Peoples and the Rest of Canada*, CCPA, 2010.
  - 15 S. Verma, "Student debt: Time for a reality check," *The Globe and Mail* online, June 2011, <http://www.theglobeandmail.com/globe-investor/personal-finance/home-cents/student-debt-time-for-a-reality-check/article2079858/>
  - 16 Bank of Montreal. (2012). BMO RESP Study: Canadian Parents Concerned About Costs of Post-Secondary Education. Retrieved from: <http://newsroom.bmo.com/press-releases/bmo-resp-study-canadian-parents-concerned-about-c-tsx-bmo-201211220836374001>
  - 17 Canadian Federation of Students, *Fact Sheet Student Debt in Canada: Education Shouldn't be a Debt Sentence*, <http://www.cfs-fcee.ca/studentdebt/index.html>
  - 18 Canadian Federation of Students, *Fact Sheet Student Debt in Canada*.
  - 19 YWCA Canada, *When There's No Place Like Home: A Snapshot of Women's Homelessness in Canada*, 2012.
  - 20 Gilfus, Mary. "Women's Experiences of Abuse as a Risk Factor for Incarceration." *I'm Just Not Good With Relationships: Victimization Discourses and Gendered Regulation of Criminalized Women*. Ed. Shoshana Pollock. Feminist Criminology: Waterloo, 2007.
  - 21 Pollock, Shoshana. *Locked In, Locked Out: Imprisoning Women in the Shrinking and Punitive Welfare State*. Waterloo: Wilfred Laurier University, 2008
  - 22 Canadian Human Rights Commission. *Protecting Their Rights A Systematic Review of Human Rights in Correctional Services for Federally Sentenced Women*. Ottawa: Canadian Human Rights Commission, 2004.
  - 23 Lahey, K. (2012). Budget 2012: Still Ignoring Women's Economic Realities and Rights. Retrieved from: <http://fafia-afai.org/wp-content/uploads/2012/05/Kathleen-Laheys-Gender-Analysis-of-2012-Federal-Budget.pdf>
  - 24 Daly, K. (2007). Gender inequality, growth and global ageing. Goldman Sachs Global Economics Paper.
  - 25 Barsh, J. (2011). Unlocking the full potential of Women in the US Economy. McKinsey & Company. Retrieved from: [http://www.mckinsey.com/client\\_service/organization/latest\\_thinking/unlocking\\_the\\_full\\_potential](http://www.mckinsey.com/client_service/organization/latest_thinking/unlocking_the_full_potential)
  - 26 McLean, D (2003). Workplaces that Work: Creating A Workplace Culture that Attracts, Retains and Promotes Women. Retrieved from: <http://www.socialservices.gov.sk.ca/workplaces-that-work.pdf>