



CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
CENTRE CANADIEN
de POLITIQUES ALTERNATIVES

Pre-Budget 2018 Consultation Submission
Canadian Centre for Policy Alternatives
Contact: Kate McInturff, Ph.D
kate@policyalternatives.ca

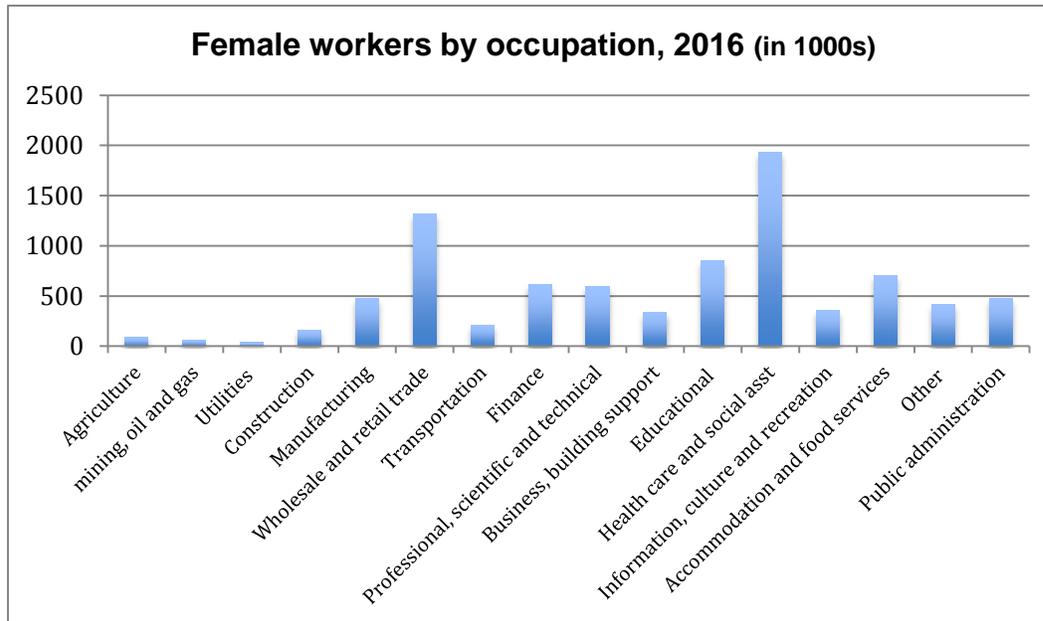
The Bank of Canada is predicting a slowdown in labour productivity growth in Canada, over the next five years.¹ That slowdown is not inevitable. The IMF and the OECD have pointed out that Canada could see increased productivity and growth with economic policies that do more for the female half of its labour force.²

Under-employing and underpaying women is costing women and the Canadian economy billions of dollars annually. The IMF estimates that “if the current gap of 7 percentage points between male and female labor force participation with high education attainment were eliminated, the level of real GDP could be about 4 percent higher.”³ OECD projections suggest that the gender employment gap is costing our economy \$8.7 billion annually.⁴ If the 670,000 women who were working part-time for non-voluntary reasons in 2016 were able to find full-time work, they would have brought home an additional \$19.2 billion in wages.⁵ If the women who worked full-time last year earned the same hourly wage that their full-time male counterparts earned, they would have taken home an additional \$42 billion.⁶

The 2017 Federal Budget gender statement was an important first step in making the most of both halves of Canada’s labour force. However, core economic policies need to address the fact that men and women work in different occupations, at different rates of pay, for different numbers of hours. This means the next federal budget needs to: 1) invest equally in male and female dominated occupational sectors; 2) invest in occupations where women earn a living wage; 3) support part-time workers; 4) shift the balance of unpaid work; 5) invest in direct funding for women’s organizations.

1) Invest in the Sectors Where Women Work

Men and women tend to work in different occupations in Canada. Increasing the representation of women in predominantly male employment sectors may pay off for women in the longer term, but the rate of change is slow. For example, while the federal government invested \$4.5 million over five years in programs to increase women’s participation in the mining, oil and gas sector, the share of women working in that sector (19%) remained unchanged during the same period.⁷ The wage gap in the oil and gas sector, for full-time workers, remains one of the largest of any occupation, with women earning 64% of what their male peers earn.⁸ Further, research has shown that as the share of women in a field increases, the value placed on that work diminishes.⁹



Source: *Labour Force Survey*

Budget 2017 identified as its six priority sectors: “digital, clean technology, agri-food, advanced manufacturing, bio-sciences, and clean resources.”¹⁰ Women make up less than a third of those working in agriculture, manufacturing, science and technology.¹¹ Budgets 2016 and 2017 made significant (and much needed) investments in infrastructure. However, as a form of job stimulus, these investments do little for women, who represent only 12% of construction workers and 14% of engineers.¹²

Budget 2018 needs to invest in the sectors where women are working today. More than one out of every five women in the labour force works in health and social services.¹³ Women are more likely than men to work in the public sector, not least because they see a narrower wage gap in that sector. Women are also highly concentrated in occupations that accommodate their disproportionate share of unpaid work (particularly childcare), thus nursing, teaching and service industry jobs continue to be among those where women are most likely to be employed. While some of these sectors fall within the domain of provinces, the federal government has an important role to play in working with provinces to ensure that job stimulus means jobs for the entire labour force, not just 53% of it.

2) Invest in a Living Wage

Occupational segregation should not lead to a pay gap—not if we valued the work of women equally. However, we do not. The occupations in which women are most likely to work include some of the lowest-paying jobs in Canada.



For example, women in skilled trades are most likely to work in food service and cosmetology, while men are most likely to be plumbers and electricians. Apprenticeships for all these trades require equivalent levels education, experience and skill, yet the average full-time wage for a cook is just under \$29,000. The average full time wage for a hairstylist is \$22,000. Contrast this to the average full-time wage for a plumber, which is \$55,000, or for an electrician, which is \$60,000 annually.¹⁴

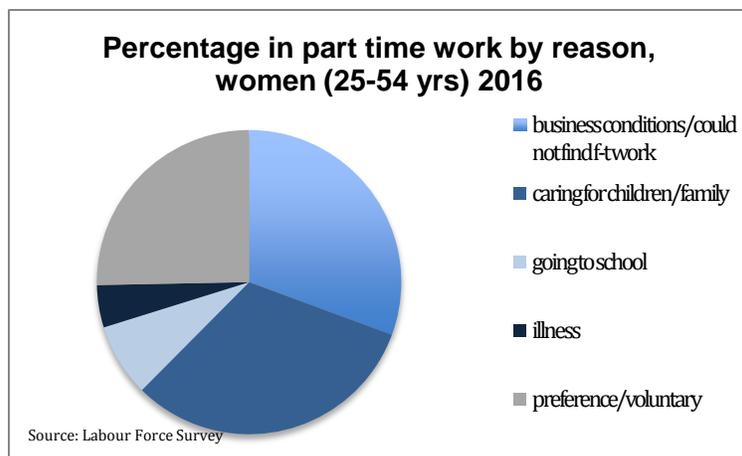
Ontario has provided two important examples of policy measures that can address the occupational wage gap. In 2015 the Government of Ontario increased wages for early childhood educators. Early childhood educators are among the lowest paid workers in the Canadian economy, with a median annual wage of \$17,703.¹⁵ They are also almost entirely (97%) women.¹⁶ In 2017, Ontario also committed to raising the minimum wage to \$15/hour for all occupations, by 2019. This will disproportionately benefit women, however, because women make up 61% of minimum wage workers.¹⁷

The government has promised to spend \$3 billion in home care in the next three years. While this will certainly create jobs in a predominantly female job sector, the median take-home pay for a home care worker (\$18,942) falls below the Low-Income Measure.¹⁸ Instituting a living wage for home care workers would make a good start to ensuring that working women aren't living in poverty.

3) Supports for Part-Time Workers

Women are twice as likely as men to work part-time. The majority of those women (63%) are involuntary part-time workers. Half of those involuntary part-time workers cite childcare as the reason they are not in full-time work and half cite business conditions.

89% of those taking paid parental leave in Canada are women. Parental leave of less than a year's duration has a positive effect on women's attachment to the labour force and their earnings. However, longer parental leaves have a negative impact, particularly for highly-educated women.¹⁹ The recently introduced 18 month extension of parental leave will almost certainly contribute to lower rates of female labour force participation, particularly for highly





educated women.

Affordable and available childcare has had a demonstrable positive effect on women’s employment levels and on the wage gap in similar high-income countries.²⁰ However, long waiting lists and high fees are leaving 275,300 women in involuntary part-time work. As a recent IMF study points out, outside of Quebec, the cost of childcare means that net all tax and other benefits “the household’s economy clearly worsens if the mother enters the labor market.”²¹

The share of women who cite business conditions as the reason for part time work suggests that we are lacking both sufficient investment in the sectors where women work and that it is employers, not female workers, who need further incentives to lean in.

4) Shift the Balance of Unpaid Work

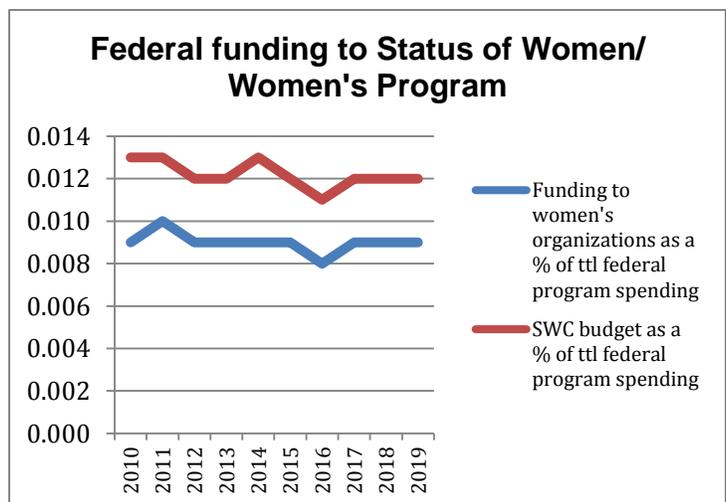
Women perform 10 more hours of unpaid work per week than do men.²² They perform more total hours of paid and unpaid work than do men. The disproportionate share, particularly of childcare, limits the number of hours available to women to do paid work. It also makes it more difficult for women to enter occupations with non-traditional or inflexible hours.

As mentioned above, affordable and accessible childcare is essential to shifting the balance of unpaid work for women. However, stand-alone paternity leave has also been demonstrated to play an important role in redistributing hours of unpaid work.²³ Further, the Quebec Parental Insurance Program, which provides 5 weeks of ‘father only’ leave has demonstrated a significant unmet need—with 78% of men now taking parental leave in Quebec, compared to 27% in the rest of Canada.²⁴

5) Invest in Women’s Organizations

Research has demonstrated across both high and low income countries and over decades, that women’s organizations make an essential contribution to ensuring that public policy works for women.²⁵ Yet women’s organizations are amongst the most underfunded non-profits in the world.²⁶

In Canada, direct federal funding of women’s organizations represents





a miniscule proportion of the budget – less than one one-hundredth of one percent of total federal program spending.²⁷ In spite of the important role that women’s organizations are currently playing in providing expertise and research for the federal government, funding to the women’s program has actually decreased under the current government.

The government has the tools at its disposal to provide economic security for women and their families. By ensuring that its economic policies address the distinct barriers working women face, Budget 2018 can build an economy that works for everyone.

-
- ¹ Bank of Canada (2017). *Monetary Policy Report, April 2017*. Ottawa: Bank of Canada.
- ² Petersson, Bengt et al (2017). *Women are Key for Future Growth: Evidence from Canada*. Washington D.C.: International Monetary Fund.
- ³ Petersson, Bengt et al (2017). *Women are Key for Future Growth: Evidence from Canada*. Washington D.C.: International Monetary Fund. *Closing the Gender Gap: Act Now*. Paris: OECD Publishing. “Gender Equality.” *Alternative Federal Budget 2017*. Ottawa: Canadian Centre for Policy Alternatives.
- ⁴ Author’s own calculations based on 2016 nominal GDP and projections in: OECD (2012). “Table I.A3.2. Projected average annual growth rate in GDP and GDP per capita in USD 2005 PPP, percentage, 2011–30.” *Closing the Gender Gap: Act Now*. Paris: OECD Publishing.
- ⁵ *Labour Force Survey*. Ottawa: Statistics Canada. Author’s own calculations. (All numbers for core working age, 25 – 54 yrs, only.)
- ⁶ *Labour Force Survey*. Ottawa: Statistics Canada. Author’s own calculations. (All numbers for core working age, 25 – 54 yrs, only.)
- ⁷ CAN-SIM Table 282-0008: *Labour force survey estimates (LFS), by North American Industry Classification System (NAICS), sex and age group, annual*. Ottawa: Statistics Canada; “Disclosure of Grant and Contribution Awards.” Ottawa: Status of Women Canada.
- ⁸ *2011 National Household Survey*. Ottawa: Statistics Canada.
- ⁹ Levanon, Asaf, Paula England and Paul Allison (2009). “Occupational Feminization and Pay: Assessing Causal Dynamics Using 1950–2000 U.S. Census Data.” *Social Forces*, Volume 88, Issue 2. Pp 865-891.
- ¹⁰ *Federal Budget 2017*. Ottawa: Government of Canada, Department of Finance.
- ¹¹ *Labour Force Survey*. Ottawa: Statistics Canada. *2011 National Household Survey*. Ottawa: Statistics Canada.
- ¹² *Labour Force Survey*. Ottawa: Statistics Canada. *2011 National Household Survey*. Ottawa: Statistics Canada.
- ¹³ “CANSIM Table 282-0012: Labour force survey estimates (LFS), employment by class of worker, North American Industry Classification System (NAICS) and sex, annual.” Ottawa: Statistics Canada.
- ¹⁴ *2011 National Household Survey*. Ottawa: Statistics Canada.
- ¹⁵ *2011 National Household Survey*. Ottawa: Statistics Canada.
- ¹⁶ “Backgrounder: 2016 Wage Enhancement for Early Childhood Educators.” Toronto: Government of Ontario, Ministry of Education, January 22, 2016.
- ¹⁷ Percentage for core working age workers.
- ¹⁸ *National Household Survey 2011*. Ottawa: Statistics Canada.
- ¹⁹ Mandel, Hadas (2012). “Winners and Losers: The Consequences of Welfare State Policies for Gender Wage Inequality.” *European Sociological Review*, vol. 28.2: 241–262.
- ²⁰ Plantenga, J. and C. Remery eds. (2006). *The Gender Pay Gap: Origins and Policy Responses: A comparative study of 30 European countries*. European Commission, Directorate.



- ²¹ Petersson, Bengt et al (2017). *Women are Key for Future Growth: Evidence from Canada*. Washington D.C.: International Monetary Fund.
- ²² *General Social Survey: Time Use* (2015). Ottawa: Statistics Canada.
- ²³ McInturff, Kate and David Macdonald (2015). *Time to Grow Up: Family Policies for the Way We Live Now*. Ottawa: Canadian Centre for Policy Alternatives.
- ²⁴ *Employment Insurance Coverage Survey*. Ottawa: Statistics Canada.
- ²⁵ Batliwala, Srilatha et al (2013). *Women Moving Mountains: The Collective Impact of the Dutch MDG3 Fund*. Toronto: AWID. Htun, Mala and Lauren Weldon (2012). "The Civic Origins of Progressive Policy Change: Combating Violence against Women in Global Perspective, 1975–2005." *American Political Science Review*, Vol. 106, No. 3 August 2012. Sawyer, Marian (2012). "What Makes the Substantive Representation of Women Possible in a Westminster Parliament?" *International Political Science Review*.
- ²⁶ Arutyunova, Angelika and Cindy Clark (2013). *Watering the Leaves, Starving the Roots: The Status of Financing for Women's Rights Organizing and Gender Equality*. Toronto: Association of Women's Rights in Development.
- ²⁷ Calculations based on Federal Budgets (2009 – 2017), Status of Women Financial Statements (2009 – 2017), Status of Women Plans and Priorities Reports, Department of Finance forecast expenditures.