



**CANADIAN WOMEN'S
CHAMBER OF COMMERCE**

**2021 Pre-Budget Submission:
An Economic Restart & Recovery
Strategy for Women-Identified
Entrepreneurs**

Submitted to:
House of Commons Standing Committee on Finance

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Recommendations

Recommendation 1: Provide funding in the amount of \$250 million for a Women Entrepreneurs Recovery Strategy

Recommendation 2: Amend the Income Tax Act in order to create an individual refundable tax credit for mental health expenses.

Recommendation 3: Create and fund a universal child care plan.

COVID-19 Has Negatively Impacted Women and Underrepresented Entrepreneurs

COVID-19 has had a significant negative impact on women and other underrepresented entrepreneurs and business owners. The majority of women-owned businesses are in the retail and service sectors¹. These sectors were severely impacted by shutdowns and social distancing protocols since the bulk of their revenue is generated by in person service delivery. Women with children face an additional challenge with school and child care facilities shut down. Stress, additional domestic labour, and ongoing uncertainty has led to alarming mental health impacts.

A Snapshot of the Impacts of COVID-19 on Women and Underrepresented Entrepreneurs²

- 88% of underrepresented entrepreneurs lost contracts, customers or clients
- 56% reported an increase in domestic work
- 54% reported an increase in caretaking work
- 52% of women entrepreneurs reported negative mental health impacts as a result of COVID-19

As the recovery begins, women's unemployment, particularly those with children, continues to remain high relative to men³. Women business owners with child and elder care responsibilities have less time and resources to spend on business recovery efforts. Women (and men) who are unable to find stable employment will, by necessity, turn to self-employment to earn a living. Support, mentorship, and referral to services for this new self-employed cohort is critical.

Recommendation 1: Fund a Women Entrepreneurs Recovery Strategy

The Canadian Government recognized the need for a national strategy to address gender inequality and women's entrepreneurship in recent budgets, specifically:

- The Women's Entrepreneurship Strategy (WES), introduced in Budget 2018⁴; and,
- The Gender Results Framework and Gender Equality Goals for Canada in Budget 2019⁵

¹ Moyser, M. (2017). *Women and paid work*. Statistics Canada. Source: <https://www150.statcan.gc.ca/n1/pub/89-503-x/2015001/article/14694-eng.htm>

² Canadian Women's Chamber of Commerce and Dream Legacy Foundation. (2020). *Falling through the Cracks: Immediate Needs of Canada's Underrepresented Founders*. Retrieved from: https://canwcc.ca/wp-content/uploads/2020/05/Falling-through-the-Cracks_CanWCC_May2020v19.pdf

³ Statistics Canada, Labour Force Survey.

⁴ Department of Finance Canada. (2018). *Equality + Growth: A Strong Middle Class*. Retrieved from: <https://www.budget.gc.ca/2018/docs/plan/budget-2018-en.pdf>

⁵ Department of Finance Canada (2019). *Investing in the Middle Class: Budget 2019*. Retrieved from: <https://www.budget.gc.ca/2019/docs/plan/budget-2019-en.pdf>

The gendered impacts of COVID-19 have the potential to devastate the progress and advances made towards gender equality and women's entrepreneurship. This can be avoided through specific actions, outlined below.

Many women business owners remain unable to access federal COVID-19 financial support programs, particularly new entrepreneurs (i.e. those targeted by the WES's goal to increase the number of women entrepreneurs by 2025) who have minimal revenue and no employees. These entrepreneurs struggle to recover because of lack of financial resources, unpaid caretaking responsibilities, and the toll on their mental health.

The federal government is committed to inclusive economic growth. **It is imperative that the federal government reaffirm its financial commitment to gender equality and women entrepreneurs during the COVID-19 Recovery Period.** This will help achieve the WES and Gender Equality Goals.

An effective recovery strategy for women entrepreneurs requires funding for women entrepreneurs and organizations that they trust. A top down, one size fits all approach will not serve the diverse needs of women entrepreneurs. Instead, the government must enable community organizations to provide programming and support to those that need it the most. The Canadian Women's Chamber of Commerce can carry out national programming and coordinate the efforts of community organizations across the country. This will serve to maximize the government's investment. Finally, direct funding for women entrepreneurs is required to stimulate recovery.

The \$250 million investment in a Women Entrepreneur's Recovery Strategy should be allocated as follows:

1a. Invest \$90M in non-repayable grants for Community-Based Organizations

Community-based and grass roots organizations work directly with women entrepreneurs to provide programming, resources, and referral to additional services. For underserved and underrepresented populations like Black, Indigenous Peoples, women of colour, people with disabilities, LGBTQ2S+, and many others, trust and engagement with an organization is required to obtain community buy-in and engagement. In other words, if you want to reach a certain community, you have to work with community organizations and leaders.

1b. Allocate \$10M to the Canadian Women's Chamber of Commerce for Recovery Programming and Rapid Regional Coordination & Support

As Canada's only Chamber of Commerce that represents women-identified entrepreneurs, founders, and business owners, the Canadian Women's Chamber of Commerce (CanWCC) is in a unique position to coordinate and amplify the work done by community-based and grass

roots organizations. In addition to working directly with women-identified entrepreneurs, CanWCC partners with community organizations to promote and refer individual entrepreneurs to relevant programs and organizations. This provides the organizations additional capacity for service delivery.

CanWCC can launch national programming, partnerships, and referral services directly to its members. The programming will complement existing supports and fill in gaps on a regional basis. This will provide consistent, high-quality support and connect women-identified entrepreneurs across Canada, regardless of geography or sector.

1c. Invest \$150M in non-repayable grants for women entrepreneurs to fund their business recovery plans

It is often difficult to apply new skills and strategies without spending additional money. For example, making the switch from in person to digital service delivery requires a subscription to a video conferencing software and possibly a camera and microphone. Improvements and revisions to one's website usually require the services of a contractor. Organizing one's finances may require a subscription to an online bookkeeping application and fees for a bookkeeper or an accountant. Many women entrepreneurs were financially devastated by COVID-19 and social distancing protocols. **Recovery is impossible without funding.**

To ensure grant funding makes it into the hands of BIPOC women entrepreneurs, the administration of the grants should be decentralized and entrusted to multiple community-based organizations that report the results to the government. An independent selection committee that includes BIPOC early- and mid-stage women entrepreneurs should review applicants.

This approach to grant administration decreases the burden on women entrepreneur applicants and recipients. It is important to make the application and reporting process as simple, inclusive, and accessible as possible. This is the time to test new models for grant application and delivery.

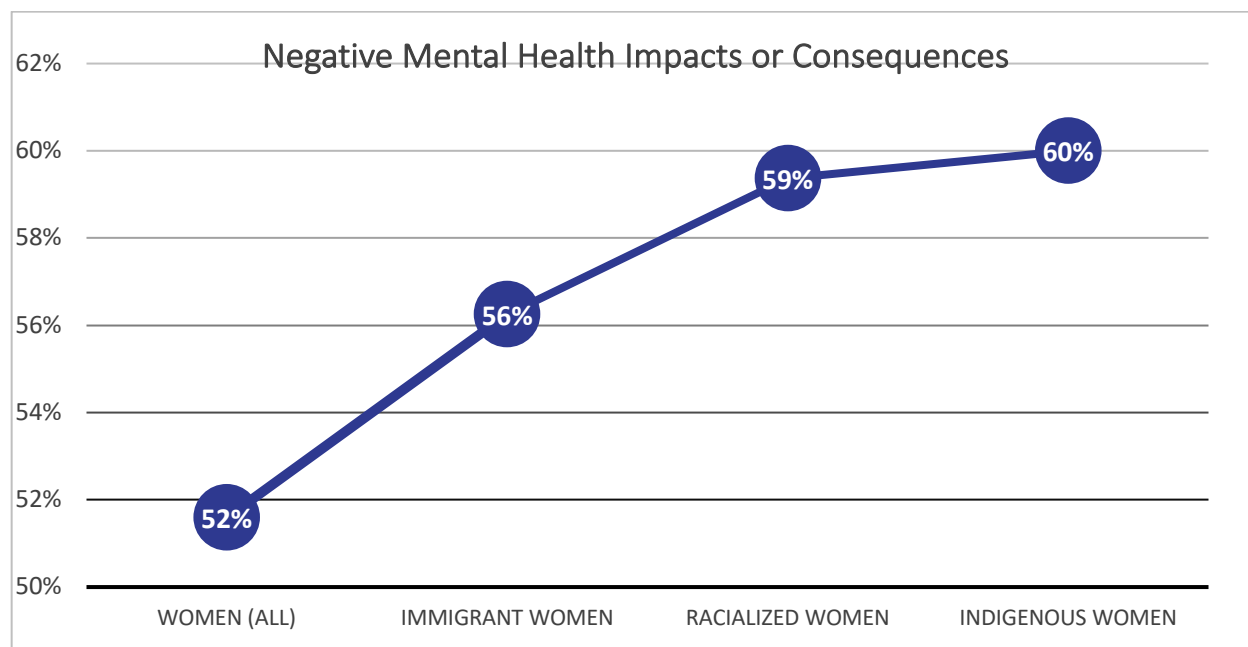
Recommendation 2: Amend the Income Tax Act to create an Individual Refundable Tax Credit for Mental Health Expenses

Provincial coverage for mental health treatment is inconsistent across the country. Some provinces cover a wide range of modalities while others only cover treatment by a medical

doctor (i.e. a physician or psychiatrist). No provinces provide reimbursement for private mental health therapy or counselling⁶.

Mental health therapy is not an eligible medical expense for the non-refundable federal tax deduction⁷. **This creates a two-tiered system where only those who are wealthy enough to afford ongoing counselling services receive preventative care.** Those who cannot afford counselling are only able to access services from a non-specialist (i.e. a general practitioner) or when they are in crisis (e.g. an emergency room visit or admission to hospital).

The impacts of COVID-19 and the uncertain economic period ahead means that the need for mental health therapy is going to increase. In a survey conducted by CanWCC, in partnership with the Dream Legacy Foundation, 52% of women-identified entrepreneurs reported negative mental health impacts or consequences as a result of COVID-19⁸. This figure jumped to 56% for women entrepreneurs who are immigrants, 59% for racialized women, and 60% for Indigenous women⁹.



Source: Canadian Women's Chamber of Commerce and Dream Legacy Foundation, *COVID-19 Underrepresented Founders Survey*, April 2020.

⁶ Chodos, H. (2017). *Options for improving access to counselling, psychotherapy and psychological services for mental health problems and illnesses*, Mental Health Commission of Canada.

⁷ Income Tax Act, RSC 1985, c 1 (5th Supp), s 118.2

⁸ Canadian Women's Chamber of Commerce and Dream Legacy Foundation. (2020). *Falling through the Cracks: Immediate Needs of Canada's Underrepresented Founders*.

⁹ Canadian Women's Chamber of Commerce and Dream Legacy Foundation, *COVID-19 Underrepresented Founders Survey*, April 2020.

In the absence of accessible and affordable treatment, the burden on the health care system will be significant. The cost of an emergency room visit for a mental health complaint¹⁰ is greater than visits for other complaints, as is the average cost of a mental health related hospital stay¹¹.

In order to address the mental health impacts of COVID-19, the government must amend the *Income Tax Act* to include an individual refundable tax credit equal to 100% of the total out-of-pocket mental health treatment costs incurred in a 12-month period ending in the current tax year.

Recommendation 3: Create and Fund a Universal Child Care Plan

Access to affordable child care is a primary driver of women's participation in the workforce and economic independence. Parents who are unable to access or afford child care often decide to have the parent making less money exit the workforce to provide child care. Since women tend to make less than men, this often leads to a career disruption for the mother¹². The mandatory closure of schools and child care facilities and mass unemployment due to COVID-19 has meant that tough decisions about child care are faced not only by lower income families but by the middle class, as well.

Having access to universal, affordable childcare will decrease the number and length of career disruptions for women. Universal child care will benefit women business owners who can spend more time building strong, sustainable businesses. It will stimulate economic growth by adding secure, well-paid jobs (particularly for women, who are concentrated in the care economy¹³) and increasing the amount of disposable income in the hands of parents.

¹⁰ National Ambulatory Care Reporting System, Canadian Institute for Health Information.

¹¹ Canadian MIS Database (average cost per day) and Hospital Mental Health Database (average length of stay) & Hospital Mental Health Database, Canadian Institute for Health Information.

¹² Moyser, M. (2017). *Women and paid work*. Statistics Canada. Source: <https://www150.statcan.gc.ca/n1/pub/89-503-x/2015001/article/14694-eng.htm>

¹³ Sultanta, A. & Ravanera, C. (2020, July 28). A Feminist Economic Recovery Plan for Canada: Making the Economy Work for Everyone. The Institute for Gender and the Economy (GATE) and YWCA Canada. Retrieved from www.feministrecovery.ca

About the Canadian Women's Chamber of Commerce

The Canadian Women's Chamber of Commerce is a national not-for-profit organization that represents and advocates for the economic priorities of women-identified and non-binary business owners, entrepreneurs and founders. We work to address systemic barriers and challenges to gender equity and support our members to build strong, sustainable businesses.

For more information, please visit our website at <https://CanWCC.ca>