

Budget 2012 – What Does it Mean for Women’s Economic Equality?

Budgets are about choices, prioritizing one spending item over another. Funding tax cuts rather than public services, or flashy F-35s rather than social programs. The rather neutral language of budgeting can mask decidedly unbalanced effects of budgetary choices.

Neglecting a gender-based analysis is not just wrong, it’s inefficient, as gender neutral budgeting can ignore potentially fruitful investments, such as childcare, and work against other efforts to foster gender equality. Communities, families, women, and children do better when budgets consider gender impacts.

What’s behind the differential impact of budget choices?

Men and women have different labour patterns, which vary over the course of their lives. Men are more likely to work full-time, full-year, and women are more likely to alter their paid work to accommodate unpaid family responsibilities.

Twice as many women work part-time as men. 45% of men who work part-time are under the age of 25. Women part-time workers outnumber men part-time workers in every age group but 65+, where men slightly outnumber women.

Women’s reasons for working part-time are different from men’s. In 2011, 336,000 women aged 25 to 54 reported working part-time to accommodate unpaid labour responsibilities, such as childcare or eldercare. That is almost equal to the number of men the same age that work part-time for any reason (352,000), and it accounts for nearly one in three women in the core “working-age” group who work part-time.

Even when women work full-time, they tend to have fewer hours per week of paid work than men. While almost half of working men work a standard 40-hour work week, 40% of women work between 30 and 39 hours per week.

The persistent wage gap that women face, combined with fewer hours of work, make for a significant earnings gap. Women continue to earn between 71% and 75% of men’s earnings, with the same level of education.

Female to Male Earnings Ratio by Level of Education, 2009 dollars						
	1989	1993	1997	2001	2005	2009
Elementary school, 0 to 8 years	59.0%	68.7%	64.1%	62.4%	63.6%	47.1%
Some secondary	59.8%	64.0%	63.8%	61.9%	62.6%	74.3%
Graduated high school	65.7%	71.2%	71.8%	70.2%	67.3%	74.7%
Some post-secondary	62.6%	69.2%	67.7%	67.4%	73.7%	72.0%
Post-secondary certificate or diploma	67.4%	73.4%	69.1%	69.2%	70.2%	71.6%
University degree	69.6%	76.0%	69.4%	65.5%	67.9%	74.1%

Source: Statistics Canada, CANSIM table 202-0104

Employment Insurance

The result of women’s “non-standard” labour patterns is that fewer unemployed women qualify for Employment Insurance (EI). In 2011, only 37% of unemployed women qualified for regular benefits compared to 45% of unemployed men. Fewer hours of work make it harder to qualify for EI, and mean that even if women do qualify, the average duration of benefits is less than men’s. Lower wages mean that benefits are less adequate. Between 2006 and 2010, women’s average weekly benefits were consistently about \$60 lower than men’s.¹

Some EI pilot projects have attempted to address the reality of precarious work. The Working While on Claim pilot project allowed claimants to earn either \$75 per week, or 40% of weekly benefits, whichever was

1 Canadian Employment Insurance Commission. (2011). *Monitoring and Assessment Report 2010*. Gatineau, Quebec. p.175.

greater. This project had the greatest effect for women, single parents, part-time, and temporary workers.²

This is markedly different from changes announced in the 2012 budget, which eliminates the option of keeping all of the first 40% of weekly benefits in earnings and, instead, only allows claimants to keep 50% of any earnings. For example, under the previous pilot project, a claimant could work about one day a week and keep those earnings on top of their weekly benefits.³ Under the new rules, a claimant would have to work for about two days per week to earn the same amount of money.

When you consider that claimants may have to pay for childcare or eldercare to return to work, it becomes much less likely that this change will be an incentive for low wage women to take available temporary employment while on claim.

The Best 14 Weeks pilot project also benefited women, youth, and precarious service industry workers. 74% of women in the pilot regions benefited from this project compared to 45% of men. This is due to more women with “non-standard” and variable employment situations. First time and occasional claimants were also more likely to benefit from this project. The 2012 budget will implement a Best 14 to 22 Weeks (out of the previous 52 weeks), depending on regional unemployment rates.

Under current EI rules, most workers must have worked between 420 and 700 hours to qualify for regular benefits (depending on their local unemployment rates). New entrants, or re-entrants who have been away from the labour market for more than two years, must work 910 hours to qualify. The high hours’ thresholds mean that precarious, part-time, and temporary workers are especially at risk of not qualifying for benefits. These workers are the most vulnerable and most likely to be without other supports.

2 Ibid. p.149.

3 Any earnings above this amount were clawed back at 100%, so there was no incentive to work more than about one day per week, unless you were able to earn enough to get off claim entirely and “save” the week of benefits for later.

To address the EI gender gap, we recommend:

- instituting a national uniform entrance requirement of 360 hours to qualify for regular benefits;
- higher weekly benefits based on the best 12 weeks of earnings;
- an earnings replacement rate of 60%; and
- an earnings exemption on the first \$100 per week or 50% of weekly earnings, whichever is greater.

Old Age Security / Guaranteed Income Supplement

Old Age Security (OAS) is a particularly important component of retirement security for women, since it does not depend on previous paid work for determining benefit levels. For women who have spent most of their lives in the unpaid labour force, or have worked in low wage or part-time employment, OAS is a critical pillar of their retirement income.

OAS and GIS as a Percentage of Total Income		
	OAS	OAS and GIS
Women 65-69	29.00%	38.00%
Men 65-69	19.00%	26.00%
Women	30.00%	42.00%
Men	21.00%	29.00%

Source: Evaluation of the Old Age Security Program: Summary Report based on the LAD. Prepared for Human Resources and Skills Development Canada by Informetrica Limited, March 2009. Table 24.

Rolling back the age of eligibility for OAS and GIS will severely impact all low income seniors, and women are especially vulnerable. Again, “non-standard” labour patterns over their lifetimes mean that fewer women

have access to any kind of pension plan, and when they do have a pension plan, it is likely to be less adequate.

OAS/GIS Contribution to the Reduction of Poverty		
	Before OAS and GIS	After OAS and GIS
Women 65-69	35.00%	14.00%
Men 65-69	26.00%	11.00%
Women	45.00%	16.00%
Men	33.00%	10.00%

Source: Evaluation of the Old Age Security Program: Summary Report based on the LAD. Prepared for Human Resources and Skills Development Canada by Infometrica Limited, March 2009. Table 42.

Recommendations:

- that the federal government reverse its decision to roll back the age of eligibility for OAS and GIS;
- funding to GIS be increased so that all seniors are lifted out of poverty; and
- improvements to CPP/QPP which would provide a more adequate retirement income for those women who do participate in the paid labour force.

Public Sector Cuts

Public sector cuts disproportionately affect women as both employees and as users of public services. Women’s unpaid labour is frequently required to fill in gaps as public services are reduced. Public service cuts are a particular issue for low income women, Aboriginal women, persons with disabilities, recent immigrants, and rural women. Too many Aboriginal women and children live in poverty, without access to decent education and housing. In Canada, public services play an important role in

reducing inequality, and cuts to public services are bound to result in increasing levels of inequality for women and other vulnerable groups.

Recent research shows that the gender wage gap is much lower in the public sector than it is in the private sector. Women employed by all levels of government earn more than their private sector counterparts, and on average, men earn less. This results in a public sector female-to-male wage ratio of 80% compared to the private sector ratio of 72%. Cutting public sector jobs eliminates stable and equitable employment opportunities for women. Addressing this issue would require the use of gender-based analysis in planning any changes to public employment or services.

Childcare

Research on affordable childcare in Quebec has shown that more mothers return to work when there is affordable quality childcare available.⁴ Following the introduction of affordable childcare in Quebec, the labour force participation of women rose dramatically. This has immediate impacts on women's incomes, but also reduces the lifetime earnings' penalty that women often face for taking time out to be full-time caregivers to their children. It also increases government tax revenues. Researchers estimate that, in 2008, the province of Quebec recouped the entire cost of their childcare subsidy, and the federal government gained \$717 million due to additional tax revenue and lower transfers.⁵

The Child Care Human Resources Sector Council (CCHRSC) has estimated that every dollar invested in childcare programs increases GDP (gross domestic product) by \$2.30. Affordable childcare is not only a

4 Pierre Fortin, Luc Godbout, and Suzie St-Cerny. "Economic Consequences of Quebec's Educational Childcare Policy," presentation to Early Years Economics Forum, June 22, 2011. Toronto, ON.
http://www.oise.utoronto.ca/atkinson/UserFiles/File/EarlyLearningEconomicForum_Fortin.pdf

5 Ibid.

great long-term investment, but a great way to deliver women-friendly economic stimulus.⁶

The Universal Child Care Benefit (UCCB) has not resulted in the creation of new childcare spaces, which are desperately needed in much of Canada. High quality child care has well-documented economic and social benefits, while the UCCB cheque to families across-the-board does not.

Recommendations:

- that the \$2.5 billion annual federal government UCCB expenditure be divided between provincial/territorial/Aboriginal ECEC programs and the National Child Benefit for low and modest income families; and
- work with provinces and other stakeholders to create high quality, affordable childcare spaces across Canada.

Research and Advocacy Groups

The fallout from budget 2012 continues the current government's suppression of research and advocacy. Previous cuts eliminated 12 of 16 regional offices of Status of Women, and limited funding for women's research and advocacy organizations. Budget 2012 eliminates the National Council of Welfare and the Centres of Excellence in Women's Health. The resources that charities devote to political advocacy are to be more closely monitored, with severe penalties, such as revocation of charitable status. The line between education and advocacy can be difficult for charities to determine, particularly when presenting dissenting views.

⁶ A criticism of traditional infrastructure-based stimulus programs is that it supports only jobs that are overwhelmingly held by men.

These cuts have serious impacts on vulnerable women, and ensure that government, NGOs, and civil society will be hampered in their ability to assess gendered impacts of social and health policy.

Recommendations:

- fully fund Status of Women Canada and reinstate funding to women's research and advocacy groups (estimated by the 2012 AFB to cost \$30 million annually);
- reinstate funding for women's health research; and
- implement gender-based analysis at all levels of government.

Conclusion

In 1996, the United Nations ranked Canada number one in terms of sex equality — by 2010/2011, we had slipped to 18th place. Gender-based analysis of budgets can show us how men and women are affected by budgetary decisions, and how we can make better choices to improve all of our lives.

Canadians need to discuss the hidden impacts of budgets, who is made better off, and who is left out. A broad analysis is required, because often there are multiple overlapping issues that when taken together reveal obvious unfairness. This document is only the start of such a conversation.