

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

YWCA Canada

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

To continue Canada's economic recovery from the recent recession, YWCA Canada recommends that the federal government maintains spending and supports the labour force participation of Canadian women, including building social infrastructure. Economic growth since fourth quarter 2008 reveals that recovery from the recession, as measured in growth of GDP, slowed measurably after federal government stimulus spending ended in March 2011. GDP growth in second quarter 2012 is now anticipated to fall below 2%, the lowest quarter of GDP growth since the turnaround began. This would appear to indicate that federal government stimulus spending is necessary to avoid sliding back into recession, but Federal Budget 2012 reduces spending and employment, which will impact earnings, sales and expectations of Canadians with regard to their economic security. YWCA Canada strongly urges the federal government to return to active stimulation of the economy, refrain from spending reductions and enhance the spending power of low-income Canadians. Building a prosperous future for our country requires building a prosperous future for women in Canada. A relentless upward trend in women's employment since 1976 has doubled the number of women employed in Canada. Women make up the majority of Canada's population, and a steadily increasing portion of a workforce that is essentially comprised equally of men and women. Women's increased labour force participation has been supported by a multi-decade trend toward increased attainment of higher education. Census data shows that in 1971, 68% of university graduates aged 25-29 were male, by 1991, 51% of those graduates were female. The 2006 Census reported 60% of university graduates between the ages of 25 and 29 were women. To sustain economic recovery and enhance economic growth, the federal government should focus on ensuring women can access employment commensurate with their education and training and work to their full capacity. This focus should include developing appropriate social infrastructure to support women's labour force participation, discussed below, and attention to the differential gender impact of budget measures.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

To stimulate job creation, YWCA Canada recommends that the federal government change direction on reducing spending and on federal public service job cuts and adopt a gender-based analysis of government budgets. Gender-based analysis evaluates gender bias in government spending. Also known as gender budget analysis, this tool analyzes the differential gender impacts of budget processes and macroeconomic policies. In the budget process, gender-budget analysis permits correction for gender bias of policies erroneously assumed to be gender neutral. For example, federal government job cuts will disproportionately affect women, their incomes and their economic security. The 2010 Demographic Profile of the Public Service of Canada, shows 55.2% of federal public service employees

are women, up from 42% in 1983, as are 43.8% of federal public service executives, up from 5% in 1983. Growth of the federal public service has been modest, 12.74% over a 27-year period, or an average of .47% per year, and has been far outstripped by growth in Canada's GDP over the same period. The pay gap between women and men in the federal public service, where women earn on average about 90% of men's salaries, is far smaller than across the labour market. For public servants under the age of 35, generally women and men with higher education levels recruited into higher paying positions, the gender wage gap is only 3.5%. All of this indicates that the impact of Budget 2012 federal public service job cuts will fall more heavily on women than on men. Following on a stimulus package that heavily favoured employment in male-dominated sectors, it appears that the government is not correcting budget measures for gender bias. YWCA Canada urges the government to implement gender budget analysis in the 2013 budget process and immediately with regard to Budget 2012 reductions in federal public service employment and programs. The recommendations of the February 2009 Report of the Standing Committee on the Status of Women, *Towards Gender Responsive Budgeting: Rising to the Challenge of Achieving Gender Equality* offer a guideline for this process.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

Employment among women aged 55 and over is growing faster than among any other demographic. YWCA Canada urges the federal government to monitor and assess this trend to develop a full understanding of the "consequences of, and challenges associated with" an aging workforce. A wholesale shift in the age at which retirement supports can be accessed is a macro response to a change that may be more accurate to assess in a micro-economic frame. If the trend continues, educated and experienced senior women who maintain their health may well supply a much larger workforce over the next twenty years than the federal government anticipates. As with other demographic, social and even technological changes, accurate assessments require close monitoring of trends. The close monitoring should inform federal government policy changes. Efforts to address skill shortages should not overlook the single most effective strategy to increase women's labour force participation: access to affordable quality child care. Despite more than 30 years of uninterrupted increases in women's workforce participation, access to quality child care remains massively inadequate. The economic benefits of universal accessible child care - of a national early learning and child care program based on the principles of universality, quality and affordability - are discussed more fully below.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

To increase productivity Canada needs the full engagement of our highly skilled workforce. Fostering a modern economy with increased productivity requires embracing the increased role of women in the workforce. Women are central to the nation's prosperity and productivity. Economic policy that fails to recognize this will fail for lack of foundation in the realities of Canada today. As noted above, the single most effective strategy to increase women's labour force participation is to ensure access to affordable quality child care from coast to coast. The federal government should look to the evidence from Quebec, the only province in Canada with universal access to affordable child care. A detailed study of Quebec's child care program released this year shows that universal child care is clearly an economic stimulus, supporting mothers to join the job market and increasing GDP. Between 1996 and 2008, 70,000 more mothers entered the workforce in Quebec, adding \$5.1 billion to Quebec's gross provincial

income. The largest employment increase in Quebec was among single mothers – 22% – and the number of single mothers on welfare dropped by more than half, from 99,000 to 45,000. This not only points to lack of child care as a barrier to work for mothers, it also points directly to universal access to child care as a strategy to address productivity and labour force shortages caused by an aging population. Universal access to affordable child care increases women’s access to work and provides a massive reduction in the number of mothers on social assistance. It expands the work force and offers children an opportunity to grow up beyond poverty, which reaps rich financial rewards down the road both for them as individuals and for governments in reduced social program costs. Additionally, economic analysis of Quebec’s investment in child care revealed that for every \$100 the province invested in child care services, it earned back \$104, and the federal government earned extra \$43. YWCA Canada strongly encourages the federal government to heed the evidence of economic benefit of universal affordable child care, develop policy and take action to support implementation across the country.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

The federal government should adopt a renewed focus on achieving women’s equality. Despite women’s gains in education and employment, many women still face poverty and violence and live at high risk of homelessness. Violence and abuse drive 100,000 women and children out of their homes each year to emergency shelters. The annual cost of violence against women has been estimated at Canada \$4-6 billion. There is much to be gained in human and financial costs by effectively addressing this challenge. The expertise exists within a strong service sector across most of the nation. Investments are required. Women’s homelessness – including women with children - has grown rapidly over the last two decades due to changes in social program 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. The situation is particularly acute for First Nation, Métis and Inuit women. This is the fastest growing population in the country, and the poverty rate for First Nation, Métis and Inuit women raising children on their own is over 70%. Aboriginal women have an average annual income of \$13,300. First Nation, Métis and Inuit women are homeless in alarming rates, especially younger ones. In the northern territories women’s homelessness is a crisis. YWCA Canada urges the government to act quickly on its June 2011 Throne Speech commitment to “address the problem of violence against women and girls” and to set the country on a course to end women’s homelessness. YWCA Canada would be pleased to partner with the federal government on both of these issues.