



# TAKE THE HIGH ROAD: TIME FOR A FEDERAL BUDGET THAT FIGHTS INEQUALITY

Oxfam Canada's Recommendations for Federal Budget 2017

Led by a feminist Prime Minister, who campaigned on inclusive growth and women's rights, Canada is well placed to become a global leader in tackling the twin struggles of gender and economic inequality. Oxfam welcomes the government's stated commitment to these issues, in particular its strong stance on women's rights and feminist leadership. However, to make this vision a reality, the government will have to take bold action and ensure that its financial commitments match its rhetoric and level of ambition. Budget 2017 is a perfect opportunity for Canada to cement its leadership on these issues by allocating money to areas that have proven to reduce gender and economic inequality.

# RECOMMENDATIONS

**Prioritize progressive taxation and ensure that tax policies recognize unequal gender roles and work to transform them, not entrench them.**

## **Domestic Recommendations**

- ✓ Cancel the tax rate reduction for individuals in the second tax bracket and use the \$3.6 billion savings to boost social supports for those in need.
- ✓ Gradually increase the federal corporate income tax rate from 15% to 21%.
- ✓ Ensure that the burden of value-added taxes on low-income Canadians is offset through tax credits, and that revenues generated are used for progressive purposes.
- ✓ Continue investing in CRA's capacity to tackle tax havens and reinvest the money retrieved into gender-sensitive social spending that improves equality.
- ✓ Make gender-based analysis mandatory across all government departments and agencies through federal legislation requiring a gender lens in all proposals to cabinet, the Privy Council Office, Treasury Board and the Finance Department.

## **Aid and Foreign Policy Recommendations**

- ✓ Implement, and support other countries in implementing, the OECD BEPS measures.
- ✓ Support a second generation of global tax reforms which includes all countries on an equal footing and tackles the key problems that are not adequately addressed by the BEPS project: tax havens, unproductive tax incentives and harmful tax competition.
- ✓ Support developing countries to strengthen governance and fight corruption, to ensure that better domestic resource mobilization benefits the poorest and most vulnerable.
- ✓ Support developing countries who wish to reform their tax systems in a way that shifts the tax burden from labour and consumption to capital and wealth.
- ✓ Support organizations doing gender-based analysis work in developing countries.

**Increase the proportion of total government spending on public services and social protection to lift people out of poverty.**

## **Domestic Recommendations**

- ✓ Increase child care funding as follows: \$600 million in 2017/18; \$1.6 billion in 2018/2019 and \$2.6 billion in 2019/2020, with federal transfers to provinces and territories being conditional on public and transparent performance reporting that address goals, targets, and timelines.
- ✓ Increase access to home support and community care services for seniors and develop a national seniors' strategy that particularly addresses increasing poverty levels among elderly single women.
- ✓ Address the discriminatory, chronic underfunding of essential social services in First Nations and the resulting poor socio-economic outcomes and implement the recommendations of Canada's Auditor General, the Canadian Human Rights

## **Aid and Foreign Policy Recommendations**

- ✓ Prioritize public spending on health and education services in Canada's aid and development policies.
- ✓ Announce a ten year timetable of predictable increases to the International Assistance Envelope, so as to meet the UN aid target of 0.7 percent of GNI going to official development assistance.
- ✓ Announce year-on-year increases to the international assistance envelope over the next three years of: \$862 million in 2017-18, \$1.17 billion in 2018-19, and \$1.37 billion in 2019-20.
- ✓ Ensure that 20 percent of all new investments within the international assistance envelope have as their principal focus advancing women's rights, women's empowerment and gender equality.

- ✓ Tribunal and various United Nations human rights bodies and provide equitable, needs-based funding to First Nations immediately.
- ✓ Invest \$100 million per year to support Status of Women Canada.
- ✓ Dedicate \$100 million per year of Canada's international assistance envelope to women's rights organizations, feminist networks, and women's movements in the Global South.

## Protect workers by ensuring access to decent and safe employment opportunities

### Domestic Recommendations

- ✓ Establish a federal minimum wage of \$15 per hour, indexed to inflation and covering all workers under federal jurisdiction, and commit that federal government contracts will only go to living-wage employers.
- ✓ Repeal the Public Service Equitable Compensation Act, and establish proactive pay equity legislation based on the recommendations of the 2004 Federal Pay Equity Taskforce report and the 2016 Report of the Special Committee on Pay Equity.
- ✓ Introduce legislation to give victims of domestic violence the right to time away from work without fear of losing jobs and lower the threshold for EI qualification for women, tying it to need rather than lifetime earnings.
- ✓ Increase job creation investments for sectors predominantly occupied by women.

### Aid and Foreign Policy Recommendations

- ✓ Sign and ratify ILO Convention 189 concerning decent work for domestic workers.
- ✓ Implement the recommendation of the ICCPR to establish an independent mechanism with powers to investigate human rights abuses by Canadian corporations operating abroad.
- ✓ Constructively participate in the inter-governmental working group on transnational corporations within the Human Rights Council.

# INTRODUCTION

The global inequality crisis has reached new extremes. In 2015, the 62 richest people on the planet had the same wealth as the poorest half of humanity (3.6 billion people). Five years ago, the same amount of wealth was held by 388 people. The richest 1% now has more wealth than the rest of the world combined.<sup>1</sup>

The same pattern of growing inequality has been evident in Canada over the past several decades. Today, the top 1% of the population owns a quarter of the country's wealth – an amount greater than the total wealth held by the bottom 70% of the population, over 24.5 million Canadians.<sup>2</sup>

Extreme inequality corrupts politics and hinders economic growth. It stifles social mobility, keeping some families poor for generations, while others enjoy year after year of privilege. It fuels fear, mistrust, crime, and even violent conflict. These corrosive consequences affect us all and run contrary to the vision that this government has for Canada. Our Prime Minister has repeatedly said that a strong economy starts with a strong middle class, and that economic equality is central to our unity as a nation. He has also asserted that, while supporting economic equality is an important domestic objective, there is a critical role for Canada to play in sharing its success with the world through its foreign affairs and international assistance.

Canada has traditionally had lower levels of inequality than many other nations, thanks to strong social protections, progressive taxation, and a vibrant labour movement. But the trend over the past 25 years is worrisome: global inequality is rising at unprecedented speed, and Canada is following suit.

Research by Oxfam and the Brookings Institution presents compelling evidence that inequality stands in the way of poverty reduction and has a significant impact on the life chances of people.<sup>3</sup> Recent evidence by the IMF also shows that extremes of inequality are bad for growth.<sup>4</sup> If inequality is reduced, poverty reduction happens faster and growth is more robust. What matters, ultimately, is the distribution of economic growth. The World Bank has found that in countries with very low inequality, such as several in Eastern Europe, every one percent of economic growth reduced poverty by four percent.

Of particular concern to Oxfam Canada is the fact that economic inequality and gender inequality are closely linked. Economic inequality compounds inequalities between women and men. For example, studies show that in more economically unequal societies, fewer women complete higher education, fewer women are represented in the legislature, and the pay gap between women and men is wider.<sup>5</sup>

Women in Canada have made tremendous strides in educational attainment and have broken down many glass ceilings. We now have a gender-equal Cabinet, something all Canadians can be proud of. And yet women still account for only a quarter of seats in



the House of Commons, and the gender wage gap is stubbornly stuck at 72%. At a time when so much is left to fight for, growing economic inequality threatens many of the hard-won gains that women have achieved.

Analysts at international financial institutions are paying increasing attention to the contribution women make to economic growth.<sup>6</sup> However, unless the causes of extreme economic inequality are urgently addressed, the majority of the benefits of women-driven growth will accrue to those already at the top of the economy.

Led by a feminist Prime Minister, who campaigned on inclusive growth and women's rights, Canada is well placed to become a global leader in tackling the twin struggles of gender and economic inequality. Oxfam welcomes the government's stated commitment to these issues, in particular its strong stance on women's rights and feminist leadership. However, to make this vision a reality, the government will have to take bold action and ensure that its financial commitments match its rhetoric and level of ambition. Budget 2017 is a perfect opportunity for Canada to cement its leadership on these issues by allocating money to areas that have proven to reduce gender and economic inequality.

Cross country evidence shows that strong progressive action by governments in the areas of taxation, social spending and labour have played a key part in reducing the gap between rich and poor and between men and women. While this is not the only thing governments can do to help reduce inequality in their countries, no country in history has managed to become significantly more equal without sustained government action in each of these three areas. Oxfam's priority recommendations for how Canada can tackle inequality in Federal Budget 2017 therefore fall into these three categories.

These recommendations are based on Oxfam's global policy analysis, and build on the work of our allies here in Canada, including the Canadian Centre for Policy Alternatives, Canadians for Tax Fairness, the Child Care Advocacy Association of Canada, and the Assembly of First Nations.

## TAXATION

**Prioritize progressive taxation and ensure that tax policies recognize unequal gender roles and work to transform them, not entrench them.**

Progressive taxation, where the richest corporations and individuals are taxed more in order to redistribute resources in society, is a key role for governments committed to reducing inequality.

Canada's tax system has become significantly less progressive in recent years, with cuts to the corporate tax rate, regressive income tax policies, and tax evasion on an

ever-widening scale. The result has been a measurable withdrawal of public services and support programs upon which many people, especially women, rely. For example, as a cost-saving measure, the last government raised the age at which Canadians qualify for Old Age Security (OAS) from 65 to 67. Women, who rely on OAS nearly twice as much as men since they have fewer years of paid work and lower pension plan contributions, were hit hardest by this change.

In order to have progressive tax systems, countries must find the right balance between the three main sources of tax – personal income tax, corporate income tax, and value-added tax (VAT)/general sales tax. It is important that personal and corporate income taxes, which are strongly progressive, are given more emphasis than VAT/sales taxes. VAT taxes are considered regressive because they apply equally to everyone and people living in poverty therefore pay a higher share of their income in VAT than the rich.

### ***Personal Income Tax***

On the issue of personal income tax, Oxfam welcomes Budget's 2016 elimination of family income splitting, as this policy had the potential to increase women's economic inequality by suppressing women's labour force participation. Oxfam also commends the new tax rate of 33% for incomes above \$200,000. However, the lowered rate for the second tax bracket is not progressive. The biggest beneficiaries will be families making between \$166,000 and \$211,000, while the bottom two-thirds of tax filers will get nothing. **This tax rate reduction should be cancelled in Budget 2017 and the \$3.6 billion in savings used to boost social supports for those in need.**

### ***Corporate Taxation Rates***

On corporate taxation, Oxfam was disappointed that Budget 2016 did not propose to change the federal corporate income tax rate, which remains at 15% for 2016. **Canada should gradually increase the federal corporate income tax rate from 15% to 21%,** which is slightly lower than it was in 2006 when the Liberals were last in federal office, and considerably lower than the 34–35% statutory federal corporate rate in the United States.

### ***Value-Added Taxes***

While value-added taxes such as the GST/HST are a more regressive form of tax, they can also be useful in that they do not negatively affect productivity, cannot be off-shored to tax havens, and provide a large base for needed revenue. However, **Canada must ensure that the burden of value-added taxes on low-income Canadians is offset through tax credits, and that the revenues generated are used for progressive purposes.**

## *Canada Revenue Agency Capacity*

Progressive tax policies can only be effective if tax avoidance is addressed. Canadians for Tax Fairness estimates that the growing use of tax havens is costing Canadians an estimated \$7.8 billion annually. Oxfam applauds Budget 2016's investment in the CRA's capacity to tackle tax havens. **The government should continue supporting such efforts and reinvest the money retrieved into gender-sensitive social spending that improves equality.**

## *Global Tax Reform*

While Canada is losing large amounts of revenue to tax havens, developing countries are the hardest hit. For example, as much as 30% of all African financial wealth is estimated to be held offshore, costing an estimated \$14 billion in lost tax revenues every year to some of the poorest countries on the planet. This is enough money to pay for healthcare that could save 4 million children's lives a year, and employ enough teachers to get every African child into school.<sup>7</sup> Ending tax havens and supporting global tax reform are critical to mobilizing the massive resources required to fulfill Canada's commitments to implementing the Sustainable Development Goals, tackling climate change and extreme economic inequality, and closing the gender gap.

Since tax abuse is a huge problem for developing nations, these countries want to be part of global solution to end tax dodging. However, when the OECD developed the Action Plan on Base Erosion and Profit Shifting (BEPS), a package of measures to tackle tax avoidance by multinational companies, developing countries were not included in the process. As a result, the measures poorly represent their needs. **Canada should support a second generation of global tax reforms which includes all countries on an equal footing and tackles the key problems that are not adequately addressed by the BEPS project, such as tax havens, unproductive tax incentives, and harmful tax competition. Canada should also implement, and support other countries in implementing, the OECD BEPS measures.** These efforts must be coupled with measures to strengthen governance and fight corruption in developing countries, to ensure that the resources benefit the poorest and most vulnerable – often women.

## *International Assistance*

Canada can also promote progressive taxation through its international assistance and diplomatic engagement. Tax systems in developing economies – where public spending and redistribution can be powerful tools for lifting people, especially women, out of poverty – are often regressive, over-taxing labour and consumption and under-taxing wealth. This is because developing countries often compete for foreign investment by providing tax incentives to corporations and attempt to compensate for these losses by raising value added taxes. Regressive taxes like the VAT make up, on average, 67% of total tax revenues in sub-Saharan Africa,<sup>8</sup> compared to 33% in OECD countries.<sup>9</sup> Canada currently provides limited technical assistance to tax administrations in

developing countries, to help them levy taxes more effectively through their existing tax policies. **Canada could increase its contribution to gender and economic equality by supporting developing countries who wish to reform their tax systems in a way that shifts the tax burden from labour and consumption to capital and wealth.**

### ***Gender-Based Analysis***

The design of tax policies in almost all countries exacerbates gender inequality.<sup>10</sup> Strikingly, very few governments worldwide conduct regular analyses of the gender impact of their tax policies.

There are positive exceptions to this picture. Sweden, for example, produces its own gender analysis of the impact of each budget. Another example is the Philippines that legally mandates all government agencies to incorporate gender concerns into performance goals, budget proposals, and their work and financial plans. The Philippine Commission on Women, similar to Status of Women Canada, helps government agencies incorporate gender into their plans and budgets, reviews and endorses them, and assesses their implementation and results. It uses gender budgeting and auditing tools, supports sex-disaggregated data collection, and conducts research to make laws and policies gender-sensitive. Evaluations of the Philippines' gender budgeting work have highlighted room for improvement, but the fact that the process is institutionalized and enshrined in law sets the Philippines apart from other countries. This may help explain why the Philippines ranked 7th out of 145 countries in the World Economic Forum's 2015 Global Gender Gap Report – far above Canada, ranked 30th.

**Canada should follow suit and make gender-based analysis mandatory across all government departments and agencies. This should be done through federal legislation requiring a gender analysis in all proposals to cabinet, the Privy Council Office, Treasury Board, and Finance Department – who must send them back if that step was skipped. Canada should also support organizations doing such work in developing countries.**

#### **Relevant Oxfam Publications:**

- Women and the 1%: How Extreme Inequality and Gender Inequality Must Be Tackled together
- Making Women Count: the Unequal Economics of Women's Work
- An Economy for the 1%
- Even It Up: Time to End Extreme Inequality
- Working for the Few: Political capture and economic inequality
- Money Talks: Africa at the G7



# PUBLIC SPENDING

**Increase the proportion of total government spending on public services and social protection to lift people out of poverty.**

Social spending on public services and social protection has been shown to have a strong impact on reducing inequality. A recent study of 13 countries across the world found that, when looking at taxes and public services provided by government, 69% of the reduction of inequality was attributed to public services<sup>11</sup>.

Cuts to public spending in rich and poor countries alike exacerbate economic inequality and damage public services that could prevent rising inequality. Yet, despite this, countries around the world are cutting spending and privatizing public services.

Services must be free at point of delivery to reach their inequality-busting potential. For example, health user fees shift costs to those that use the system the most: sick people. This amounts to a tax on poverty and age, since people living in poverty and the elderly are less healthy than other groups. User fees may also cause some people to forego necessary treatment. In Quebec, for instance, when user fees for prescription drugs were introduced, the elderly and people living in poverty took less medicine and their conditions worsened. As a result, they ended up with more visits to emergency departments and poorer health outcomes.<sup>12</sup> The same is true for education. For the poorest 20 per cent of families in Pakistan, sending all children to a private low-fee school would cost families approximately 127 per cent of their household income.<sup>13</sup> Yet free education for such families is precisely what is needed to mitigate the impact of skewed income distribution and break the cycle of poverty, putting “virtual income” into their pockets.

Public services are particularly important for women. For example, when parents have to pay privately for educational costs in developing countries, girls are most likely to be kept home, affecting their life chances and income earning potential. Public services such as healthcare, childcare, and eldercare also help redistribute the unpaid work that women have traditionally performed for free, and which limits their time to engage in paid work – in rich and poor countries alike. For example, Quebec’s subsidized childcare program had a significant impact on women’s labour force participation. This was particularly the case for single mothers, who saw their employment rate double while their poverty rates dropped from 36% to 22%.<sup>14</sup>

Thanks to unionization and regulation, there are also lower levels of wage discrimination for women in the public sector than in other sectors. In the public sector in Canada, university educated women see their wage gap shrink from 27% to 18%. The equalizing effect is particularly important for Aboriginal, racialized, and immigrant women – who face multiple layers of discrimination. For example, university educated Aboriginal workers see their wage gap shrink from 44% to 14% in the public sector.<sup>15</sup>

Given the importance of public services for gender and economic equality, Canada should increase its proportion of total government spending on public services and social protection, and support developing countries to do the same.

### *Childcare*

The lack of affordable and accessible childcare in Canada is creating a crisis for the 1 million households in Canada that have 2 working parents and a child under the age of 6, and for the more than 100,000 single working parents with young children. It is also creating a significant drag on economic growth, keeping mothers out of the workforce long after they want and need to return.

Oxfam welcomes the commitment to invest \$500 million in a National Framework on Early Learning and Child Care starting in 2017-18. However, these funds should be treated as a first step as the achievement of building universal, high quality, affordable child care across Canada requires both a solid framework and sustained funding. **The government should increase child care funding as follows: \$600 million in 2017/18; \$1.6 billion in 2018/2019 and \$2.6 billion in 2019/2020, with federal transfers to provinces and territories being conditional on public and transparent performance reporting that address goals, targets, and timelines.** Federal spending on child care needs to grow over time to meet the international benchmark of 1% of GDP. OECD countries on average spend 0.7% of GDP. Canada spends less than half of this average.

### *Eldercare*

Increased public funding for eldercare in Canada could also provide a wide range of benefits. With an aging population, it is estimated that the number of disabled adults living at home will have increased by 62% between 2000 and 2020.<sup>16</sup> The Canadian health care sector is experiencing a shortage of health care professionals, particularly within the nursing profession, and this shortage has been made worse by cuts to public services in recent years. For example, 770 registered nurse positions were cut in Ontario alone in 2015.<sup>17</sup> Informal caregivers – usually female family members – have stepped in to provide unpaid care to loved ones with disabilities and illnesses, sometimes for extended periods.<sup>18</sup> **Canada should increase access to home support and community care services for seniors and develop a national seniors strategy.** Investing in this public service would be good for seniors – many of whom are women living in poverty – and good for women's employment and economic equality.

### *First Nations Peoples*

Budget 2016 was a significant step in closing the gap between First Nations peoples and Canadians, because of its historic investment in public services such as First Nations education, housing, clean drinking water, child and family services, and health. Oxfam urges the government to address the discriminatory, chronic underfunding of essential social services in First Nations and the resulting poor socio-economic outcomes. **We recommend that the government implement the recommendations**

**of Canada's Auditor General, the Canadian Human Rights Tribunal and various United Nations human rights bodies and provide equitable, needs-based funding to First Nations immediately.**

### ***Health and Education in Aid and Development***

Support for public services is essential in the fight against economic and gender inequality in lower-income countries too. The absence of high quality public health services has an enormous impact on women in the poorest regions, which also tend to be the areas most affected by diseases such as Ebola and HIV/AIDS.

This is the case for several reasons. Firstly, women require more contact with healthcare providers than men, due to pregnancy and childbirth. When health systems are overwhelmed and underfunded, pregnant women are more likely to give birth unattended and to forego pre-natal and post-natal care. In Liberia for example, assisted deliveries went down from 52% in 2013 to 37% in May-August 2014, at the height of the Ebola crisis.<sup>19</sup> Secondly, when health systems are inadequate, women tend to compensate for absent public services through unpaid care. Women's unpaid health care work is estimated to be worth \$1.5 trillion USD, or 2.4% of global GDP annually.<sup>20</sup>

Better funded public services are needed to help to share this burden across society as a whole, freeing up women and girls' time, while reducing gender and economic inequality. **Canada, alongside other donor governments, can contribute to reducing women's economic inequality in poor countries by prioritizing spending on universal health and education services in their aid and development policies.**

### ***Canada's Aid budget***

Canada's ability to do this has been severely constrained by the fact that development assistance was frozen for 6 years, declining steadily as a proportion of Gross National Income (GNI). Oxfam welcomed the modest increase to the aid budget in Budget 2016, but there is an urgent need for Canada to scale up the aid budget, especially given the expectations raised and the ambition expressed during the International Assistance Review process.

**Canada should announce a ten year timetable of predictable increases to the International Assistance Envelope so as to meet the UN aid target of 0.7 percent of GNI going to official development assistance. It can start by announcing year-on-year increases over the next three years of \$862 million in 2017-18, \$1.17 billion in 2018-19, and \$1.37 billion in 2019-20.** This \$3.4 billion increase over 3 years would bring the total aid budget up to \$8.15 billion annually by 2019-20. This would achieve the medium-term goal of raising Canada's ODA to GNI ratio to at least 0.38 – the highest level in 25 years – by the end of the Government's first mandate.

While it is important that Canada increase its aid spending overall, the way that money is spent also matters greatly. Spending more on public services and social protection does not necessarily guarantee that inequality will be reduced – or that it will be reduced

as much for women as for men. **To ensure that its aid investments achieve the goals of reducing gender and economic inequality, Canada should ensure that 20 percent of all investments within the international assistance envelope have as their principal focus advancing women's rights, women's empowerment, and gender equality.** This would represent a \$1.12 billion investment if the government adopts Oxfam's recommended \$862 million increase to the aid envelope for 2017-18. **\$100 million of Canada's annual international assistance envelope should go to support women's rights organizations, feminist networks, and women's movements in the Global South which are key actors in advancing women's equality.**

### *Gender-Based Analysis*

Canada should also invest in Gender Responsive Budgeting, both at home and abroad. The best way to understand the gendered benefits and costs of policies is to conduct gender-based analyses of all economic and social policies. The federal department currently tasked with ensuring gender-based analysis occurs across all government departments and agencies – Status of Women Canada – lacks the human, financial, and political resources to fulfill its mandate.

Oxfam was pleased to see the modest increase for Status of Women (\$3 million) in Budget 2016, but this amount (which equates to 0.02% of total Canadian federal program spending) is not nearly enough to equip the department with the high-level leadership, resources, and monitoring capacity to conduct gender-based analysis in a systematic way. **Canada should be investing \$100 million per year to support Status of Women Canada.** This would help it fulfill its crucially important mandate in ensuring that federal policies benefit women and men more equally. It would also allow the department to support advocacy by women's rights organizations, who have key insights into what programs and policies work.

### **Relevant Oxfam Publications**

- [Oxfam Canada's Submission to the International Assistance Review](#)
- [Working For The Many - Public services fight inequality](#)
- [Ebola - How the crisis affects men and women differently](#)

# LABOUR

## Protect workers, particularly women, by ensuring access to decent and safe employment opportunities

There is strong evidence that higher wages for those at the bottom are essential to reducing inequality. A key trend underlying growing inequality in rich and poor countries alike is the falling share of national income going to workers. Canada, where the poorest 10% make only \$2.30 more per day than they did 25 years ago, is no exception. Meanwhile the wealth of the top 5 billionaires has risen by \$16.9 billion in the past five years alone. Globally, the numbers are even starker, with the daily income of the poorest 10% of individuals having increased less than a single cent per year in the past quarter of a century.<sup>21</sup> This particularly affects women, who make up the majority of low paid workers around the world.

Governments can contribute to reversing this trend directly by raising minimum wages, and indirectly by supporting the rights of trade unions to form and organize. Evidence from the IMF and others shows that the decline in trade union organization has been linked to the rise in inequality, as workers lose bargaining power and more of the value of production goes to profits and the owners of capital.<sup>22</sup>

When workers lose wealth and power, women—who are already over-represented in informal, vulnerable and precarious work —lose out the most. There is still a significant wage gap between men and women in Canada: women working full-time, full year make 72% of what men earn. Part of the problem is that women continue to be over-represented in low-wage jobs, making up 59% of minimum wage workers.<sup>23</sup> The wage gap is even greater for some groups of women in Canada. Working full-time, Aboriginal women earn 10% less than Aboriginal men and 26% less than non-Aboriginal men. Racialized women earn 21% less than racialized men and 32% less than non-racialized men. Immigrant women earn 25% less than immigrant men and 28% less than non-immigrant men.<sup>24</sup>

### *Moving towards a living wage*

Canada should improve the earnings and working conditions of those in the low-wage workforce, most of whom are women workers and workers who are racialized, immigrant, Aboriginal, living with disabilities or similarly disadvantaged. **Canada can do this now by establishing a federal minimum wage of \$15 per hour, indexed to inflation and covering all workers under federal jurisdiction, and committing to only signing federal government contracts with living-wage employers.** While this change would only apply to federally regulated sectors, it would demonstrate leadership and could create a ripple effect at the provincial level.



## *Pay Equity*

Implementing legislation on equal pay for work of equal value, and against discrimination in the workplace, are other examples of progressive actions that governments can take in the area of labour. While *pay equality* (equal pay for the same job within the same organization) is required by law in each of Canada's 14 legislative jurisdictions, this is not the case for *pay equity* (the notion that male-dominated occupations and female-dominated occupations of comparable value must be paid the same if within the same employer). This is crucial in Canada's economic landscape, where many occupations remain highly gender-segregated. In Canada, for example, truck drivers (97% of whom are male) make a median annual wage of \$45,417 working full time. Early childhood educators (97% of whom are female) make a median annual wage of \$25,334. Yet, both professions require comparable levels of education and skills.

According to a report by OECD published in September 2016, women in their prime working years between 25 and 64 years of age, who have not completed high school earn on average 61% of what similarly educated men earn.<sup>25</sup> That gap narrows somewhat as education levels increase, but remains stagnant at 72%.<sup>26</sup> Among the Canadians who do not benefit from strong pay equity guarantees are federal public servants, who saw their access to pay equity guarantees reduced by the 2009 Public Sector Equitable Compensation Act. The act defines equal pay for men and women in the public service as an issue to be dealt with only through collective bargaining between union and employer, meaning that pay equity could be bargained away. **The government can change this by repealing the Public Service Equitable Compensation Act and establishing proactive pay equity legislation based on the recommendations of the 2004 Federal Pay Equity Taskforce report and the 2016 Report of the Special Committee on Pay Equity.**

## *Violence Against Women*

Rates of domestic and sexual violence remain persistently high in Canada, costing the economy over 12 billion a year according to the Justice Department. Aboriginal women in Canada report rates of violence three times higher than non-Aboriginal women. Gender-based violence has a significant impact on women's economic security, which in turn can make them more vulnerable to violence.

In a recent study, one in three respondents reported experiences of domestic violence. Violence follows many women to work, with abusers relentlessly calling, emailing, texting or stalking victims. Over 80% of victims report that their work performance has been negatively affected by violence. Absenteeism and poor work performance can leave victims vulnerable to disciplinary measures and job loss.<sup>27</sup> Oxfam welcomes the significant investment in Budget 2016 in shelters for victims of violence. **The government can further support victims by introducing legislation to give the right to time away from work without fear of losing their job and lower the threshold for EI qualification for women, tying it to need rather than lifetime earnings.**

## *Job Creation*

In Budget 2016, the government estimated that it will create 100,000 new jobs in 2017-2018. However, the job creation budget measures mostly involve infrastructure spending, which will mostly benefit construction workers of which 88.5% are men. A significant investment in predominantly female sectors is needed to provide women with more opportunities for decent work. Investment in public services that address unequal care work is a great measure to expand women's job opportunities. The government must conduct gender-analysis of its job creation investments to ensure women benefit equally from the measures. **Budget 2107 must include measures to ensure 50% of new jobs created involve female sectors.**

## *Labour Rights Abroad*

Worldwide, women are over-represented in low-paid and precarious employment. One sector that is particularly vulnerable is domestic workers. Of the 53 million domestic workers worldwide the majority are women. A study conducted by the ILO found that domestic workers all over the world are vulnerable to economic exploitation, overwork, rape and other physical abuses.<sup>28</sup> This holds true in Canada. **In order to protect domestic workers better, it is pertinent that Canada signs and ratifies ILO Convention 189 on Domestic Workers and encourages other nations to follow suit.**

The absence of protective laws and regulations is an even bigger problem on a global scale. Developing countries often compete for foreign investment by virtually eliminating regulatory standards and engaging in a "race to the bottom". Canadian mining companies and transnational corporations have taken advantage of an international economic system built on a 'market fundamentalist approach' that insists that sustained economic growth only comes from reducing government interventions and leaving markets to their own devices. This approach undermines the regulation and taxation that are needed to keep inequality in check. The Human Rights Committee of the International Covenant on Political and Civil Rights expressed its concern about Canadian companies operating abroad in its last review of Canada in 2015.<sup>29</sup> **The government should implement the recommendations of the committee to make Canadian companies accountable to international human rights. This includes establishing an independent mechanism with the power to investigate abuses by Canadian corporations operating abroad.**

In response to the international debate surrounding the environmental, social and human rights responsibilities of corporations, the United Nations Human Rights Council adopted a resolution in June 2014 to establish an intergovernmental working group "to elaborate an international legally binding instrument to regulate the activities of transnational corporations and other business enterprises."<sup>30</sup> Canada did not participate in the working group's first meeting in July 2015. The second meeting will be held October 24-28, 2016. **The government should constructively participate in this intergovernmental working group.**

**Relevant Oxfam Publications:**

- Making Women Count: the Unequal Economics of Women's Work
- An Economy for the 1%
- Even It Up: Time to End Extreme Inequality

**Contact:**  
**Lauren Ravon, Director of Policy and Campaigns**  
[lauren.ravon@oxfam.org](mailto:lauren.ravon@oxfam.org)

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