

A public discussion about addressing our
fiscal challenges in New Brunswick:

PAY EQUITY IS PART OF THE SOLUTION!

Brief presented by the:

New Brunswick Coalition for Pay Equity Inc.

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Introduction

The New Brunswick Coalition for Pay Equity is a group of 900 individuals and 88 organizations that educates and advocates for the adoption and the implementation of adequate legislation in order to achieve pay equity for all workers in both the public and private sectors. Our advocacy work is entirely funded by our annual fundraising campaigns, and has been for the last five years.

Pay equity is achieved when the jobs traditionally held by women are paid the same as the jobs traditionally held by men in the same workplace. This is an internationally recognized human right, although it is not universally applied.

The province of New Brunswick has legislated pay equity for the public sector, but parts of it have yet to be implemented. There is no pay equity legislation in the private sector.

What follows are our recommendations for each of the three questions asked by the government in its consultations on strategic program review and fiscal challenges in New Brunswick.

1. What does a thriving New Brunswick look like to you ten years from now?

The government's choices must take into account the values we cherish. Real prosperity cannot be achieved without equality between women and men, solidarity and social justice. We know that gender equality is a value shared by 92% of Canadians¹. We are convinced that the New Brunswick population also shares this value. It would be wrong to perpetuate inequality and pay discrimination against women in an attempt to balance the budget. Human rights are not a luxury. They are at the very core of our democracy.

Our vision of a thriving New Brunswick includes well paid jobs for women and men, pay equity in the public and private sectors, more equality, less poverty and a narrower gap between the rich and poor. The OECD shares our vision. It has found that income inequality hurts medium-term economic growth because low-income families cannot invest enough towards their education².

2. What are the things that government could stop doing to save money?

It is difficult for the citizens of the province to make judicious recommendations without having access to a **white paper** which would present various options, including the cost, anticipated results and impact on gender equality and on communities. A neutral white paper should be prepared and provided by the government to the public to serve as a guide for discussions to follow.

As promised in the Liberal party platform, **gender-based analysis** must be applied to all public policy development. The current strategic program review process must be conducted in this light. What programs have a positive impact on gender equality? What are the consequences on the female workforce if the number of employees who administer these programs is reduced? If certain programs are abolished, will families be expected to provide the services currently provided by the public sector? If so, will this mean an increase in

¹ Environics Institute for Survey Research. 2012. The Common Good: Who Decides? A National Survey of Canadians. <http://www.environicsinstitute.org/uploads/institute-projects/2012%20survey%20-%20backgrounder%20-%20final%20november%2012-2012.pdf>. Accessed February 7, 2013.

² OCDE. Directorate for Employment, Labour and Social Affairs. Dec. 2014. Does income inequality hurt economic growth? Focus on Inequality and Growth.

women's unpaid work within the family, and how will this affect their participation in the labour force? These questions need to be answered to ensure women's financial security in New Brunswick.

The Liberals also promised « **a fully-funded and independent women's advisory** ». The promised budget must be made available to the Voices of New Brunswick Women Consensus-Building Forum so it can participate in the gender-based analysis of the strategic program review.

The Coalition is **against privatisation** because it negatively impacts on salaries, particularly women's salaries. A 2014 study shows that "salaries are higher in the public sector precisely for the groups of people who experience the greatest discrimination in the private sector" (women, aboriginal workers and visible minority workers) while "salaries are lower in the public sector for the groups least likely to experience discrimination on the basis of race and sex"³. According to the authors, **wage discrimination is lower in the public sector** as a result of higher rates of unionization, family leave benefits as well as the legislated monitoring and regulation of **pay equity**.

In New Brunswick, we have seen the negative impact privatisation can have on salaries in the area of literacy. In 2007, a literacy teacher told the Premier's Task Force on the Community Non-Profit Sector that she earned between \$17.50 and \$22.50 per hour when she worked at the community college between 1984 and 1994. When the literacy program was transferred to the non-profit sector, her salary fell to \$13.13 per hour⁴. Several services previously mandated by the government are now offered by the private sector, at the expense of pay equity.

3. What could government do to raise money?

Again, **gender-based analysis** must be applied in the search for new sources of government revenue. This is important because women and men are not on an equal footing in the labour force and do not benefit from the same revenue.

³ Kate McInturff and Paul Tulloch. 2014. Narrowing the Gap: The Difference That Public Sector Wages Make. Canadian Centre for Policy Alternatives, p. 5

⁴ Premier's Task Force on the Community Non-Profit Sector. 2007. Blueprint for action: Building a foundation for self-sufficiency.

We reiterate the need for pay **equity legislation** to ensure equal pay for work of equal value in both the public and private sectors. A study conducted in 2004⁵ showed that the elimination of pay discrimination **would increase personal income and sales taxes** by about \$226 million, and would generate savings of \$60 million in health care expenditures as income inequality has a negative impact on health. If workers in female-dominated work sectors were better paid, they could invest more in the **education of their families**, and their **purchasing power** would increase, which would benefit local businesses and the general economy.

Pay equity is of critical importance for **workers who provide personal services to individuals in the private sector** (such as child care, homecare, community residences and special care home workers). Pay equity for these workers would not only increase provincial tax revenues and economic activity, it would also recognize the importance of **supporting families** and **encouraging women to participate fully in the labour force and in the economy** of New Brunswick. Workers in this sector currently earn little more than the minimum wage. A 2014 study shows that if pay equity had been attained by workers in this sector, their wages in 2012 would have been set at \$20.00 to \$22.64 per hour (\$24.27 for those with management duties)⁶.

Workers in the care-giving sector can wait no longer. It is the government's responsibility to immediately ensure pay equity to these workers. This is a **human right** and balancing the budget must not be achieved by maintaining inequality.

The Coalition is **against increasing the HST**. The HST is a regressive form of taxation because persons with low or average incomes spend a greater proportion of their income on necessities. Therefore, they pay a larger amount of HST as a proportion of their income than higher income earners who have the option of saving money and/or spending it out of province. A 2008 study shows that the fact that women earn less than men would result in women paying proportionately more tax than men⁷.

⁵ Ather H. Akbari. 2004. The Gender Wage Gap in New Brunswick. Prepared for GPI Atlantic. Halifax.

⁶ Ruth Rose. 2014. The salary structure in care-giving services in seven Canadian provinces: Benchmarks for pay equity exercises in New Brunswick. Report prepared for the New Brunswick for Pay Equity.

⁷ Kathleen A. Lahey. 2008. What About Women? Gender analysis of Discussion Paper on New Brunswick's Tax System. Report prepared for the NB Advisory Council on the Status of Women.

The government could increase its revenues by \$183 million annually by increasing personal income and corporate taxes by 1%⁸. **Personal income and corporate taxes** is a more just form of taxation as it increases as income increases. This is a fundamental issue for women's equality in a province where women's average hourly wages represented 88.6% of men's in 2013. The annual revenue gap is even higher, and women are more likely to work part-time.

The Coalition understands the important role small businesses play in the New Brunswick economy, but maintains that the **decision to cut taxes of small businesses** should be reversed. This tax cut only adds to the budget deficit with no guarantee of increasing investment. According to the OECD, "the use of tax and transfer measures do not impair growth as long as they are well thought out and properly implemented"⁹. Research has shown that corporate tax cuts have very little impact on employment compared to other measures such as investments in more affordable daycare.

⁸ Department of Finance. Province of New Brunswick. 2014. Pre-Election Economic and Fiscal Outlook 2014-2015 to 2017-2018, p. 25.

⁹ OCDE. Directorate for Employment, Labour and Social Affairs. Dec. 2014. Does income inequality hurt economic growth? Focus on Inequality and Growth, p. 4.

Conclusion

The New Brunswick Coalition for Pay Equity urges the government to take into account gender equality, solidarity and social justice in its decision-making process. The government cannot balance its budget by sacrificing human rights.

In order to respect the principles of gender equality and social justice in the program review and search for new sources of revenue, the Coalition recommends that the government:

- use gender-based analysis in its program review and search for new revenue sources, that its findings be presented in a white paper, and that the Voices of Women Forum receive the funding needed in order to contribute to the analysis;
- adopt pay equity legislation in the private sector;
- ensure pay equity to workers in the care-giving sector, services which are mandated by the government but delivered by the private sector;
- refrain from privatizing more services;
- increase personal income and corporate taxes rather than the HST as a means of increasing general revenues.