



Rebuilding with care

Pre-budget consultation 2021

The New Brunswick Coalition for Pay Equity is a group of 900 individuals and 90 organizations that advocates for pay equity and fair working conditions for women. Pay equity is equal pay for work of equal value; it recognizes the value of female-dominated jobs as much as that of male-dominated ones.

We thank Minister of Finance, Ernie Steeves, for the opportunity to present our perspective on issues related to the provincial budget. We have reviewed proposals made during pre-budgetary consultations 2021-2022 and we share in this document our thoughts and economic priorities in light of the current pandemic and the goal of achieving economic recovery.

Introduction: for an equal recovery

Many of us think the pandemic is an opportunity to make things right and rethink policies and economic systems in order to foster gender equality and equality among various groups in our society. Some are even talking about a feminist recovery.

It is indeed clear that the pandemic has unduly affected women and gender minorities and that the gap between the poor and the rich has widened. In fact, COVID-19 has exacerbated these inequalities.

The pandemic had a greater impact on women for various reasons.

- » Front line workers are largely women.
- » Women hold the majority of jobs in three out of five sectors that were affected the most at the beginning of the pandemic (housing, restaurants, retail, health care and social assistance).¹
- » They (still) bear the lion's share of childcare and non-paying chores at home.

¹ RBC Economics. July 2021. Pandemic Threatens Decades of Women's Labour Force Gains. https://thoughtleadership.rbc.com/pandemic-threatens-decades-of-womens-labour-force-gains/?utm_medium=referral&utm_source=economics&utm_campaign=special-report. Accessed February 8, 2021.

We do not want things to return to “normal” because normal was not working for many of us. We have to rebuild. Our socio-economic recovery must be based on gender equality, human rights, and social justice. And it has to start with systemic changes.

Our economic system must be based not only on market performance, but also on the health and well-being of families. As the International Labour Organization has advocated, it must take the care economy into consideration and enhance it.²

To be successful, we must:

- » upgrade social infrastructures, including caregiving services, childcare, mental health services and increase means to fight violence against women,
- » aim for fairness and socio-economic equality through such policies as pay equity legislation in the private sector, paid sick leave, and equal access to jobs,
- » give women, especially those who are marginalized, a voice in decision-making,
- » base the budget and recovery plan on a rigorous gender-based analysis and an intersectional approach.

With this in mind, we present our recommendations on points discussed in the consultation document which are intricately linked to our mission: the private sector; health; education; and communities.

² International Labour Organization. The Care Economy. <https://www.ilo.org/global/topics/care-economy/lang--en/index.htm>. Accessed February 10, 2021.

1. Increase private sector investment and support a stronger and more resilient economy

Since there are 120,000 jobs to be filled over the next ten years, recruiting and staff retention is an urgent matter. Maximizing New Brunswick women's participation in the labour market is one of the most obvious solutions. Today, only 57.7% of our women 15 years and older are working – the lowest rate in Canada –, compared to 60.3% for the whole country and 64.7% for N.B. men.³

For several years now, the government has been concerned about New Brunswickers moving away. Of course, a woman's job and salary are part of the equation when a family decides to leave our province or move here. To beef up our population, we must entice women and marginalized groups to join the labour market by offering childcare and services for vulnerable citizens, thus ensuring responsibility is shared more fairly.

In 2020, the World Economic Forum highlighted in its annual report on gender inequality the strong correlation between a country's gender gap and its economic performance.⁴ If gender equality in our labour force was increased our GDP could grow 3 to 4% by 2026.⁵ Women's participation therefore plays an important role in the economy. We gain the most, however when that participation is equitable. In fact, *The Economist* has noted in the past that higher employment rates for women in rich countries was the main reason behind economic growth in the last decades, even more so than new technologies.⁶

Although women have more education than men (60.6% of them have postsecondary diplomas, compared to 54.4% of men), they earn lower hourly wages (\$23,87 compared to \$25.05 for men).⁷ They still make up a disproportionate number of workers in female-dominated sectors, which are undervalued and underpaid. It is estimated that approximately 70% of women in this province work in traditionally female or female-dominated jobs (health, administrative support, teaching, social services, and sales and services).⁸

³ Statistics Canada. Table 14-10-0287-03: Labour force characteristics by province, monthly, seasonally adjusted. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410028703#timeframe>. Accessed February 9, 2021.

⁴ World Economic Forum, The Global Gender Gap Report 2020.

⁵ The power of parity: Advancing women's equality in Canada. 2017. McKinsey Global Institute.

⁶ Women in the workforce: the importance of sex. 2006. The Economist.

⁷ Statistics Canada, 2016 Census and Labour Force Survey (2021).

⁸ Women's Equality Branch, Province of New-Brunswick, Equality Profile 2016, p. 83. For more details, refer to Appendix A of the Economic and Social Inclusion Corporation's Living Wage and Pay Equity Advisory Committee (2018). Report on Living Wage and Pay Equity.

Pay equity legislation for the private sector

New Brunswick did pass the *Pay Equity Act, 2009* for the public sector, but 65 to 70% of women in our labour force work in the private sector.

Under pay equity legislation, employers must perform job evaluations to compare the value of traditionally female or female-dominated jobs with those of traditionally male or male-dominated jobs, then adjust salaries for female jobs that are underpaid compared to male jobs. Job evaluations use four criteria: skills, responsibilities, effort, and working conditions.

Pay equity legislation would guarantee competitive salaries for traditionally female or female-dominated jobs. Québec and Ontario have already enacted such laws for the public and private sectors, which have improved circumstances for families who live there and those who have moved there.

Pay equity can also prove to be a powerful human resources tool, supporting staff recruiting and retention. Indeed, after doing a pay equity exercise, many Québec entrepreneurs were surprised to find how useful it was and said many advantages resulted from it, including the development of better pay management policies, a better understanding of jobs and skills required, improved productivity, a better work climate, as well as a new sense of fairness and increased job satisfaction among staff.⁹ Furthermore, women on staff feel there is more fairness and more recognition of their skills. They also feel they belong and are more motivated at work.¹⁰

Pay equity also increases purchasing power for people who hold traditionally female or female-dominated jobs, and consequently has a considerable economic impact on New Brunswick businesses and local economies.

Lastly, pay equity is a human right, a question of social justice and a tool for reducing poverty. A case in point: the Economic and Social Inclusion Corporation's (ESIC) Living Wage and Pay Equity Advisory Committee recommended in 2018 that a law on pay equity be adopted for the private sector.¹¹ It is of note that immigrant and racialized women are disproportionately overrepresented in underpaid female-dominated jobs. If our goal is to increase and diversify our population, just and equitable wages for all employees is a must.

⁹ Québec. La loi sur l'équité salariale : un apport indéniable pour contrer la discrimination salariale. 2019. Rapport du Ministre 2019 sur la mise en œuvre de la Loi sur l'équité salariale.

¹⁰ Ibid.

¹¹ Report on a Living Wage and Pay Equity 2018. Living Wage and Page Equity Advisory Committee of the ESIC.

Inclusive gender analysis

In order to represent all its citizens equitably, the government must strive to increase gender equality when developing public policies and planning the provincial budget. An inclusive gender analysis is a tool to prevent and correct structural disparities between women and men. It helps determine how public policies, programs and specific initiatives affect specific segments of the population differently based on age, race, residency, and language.

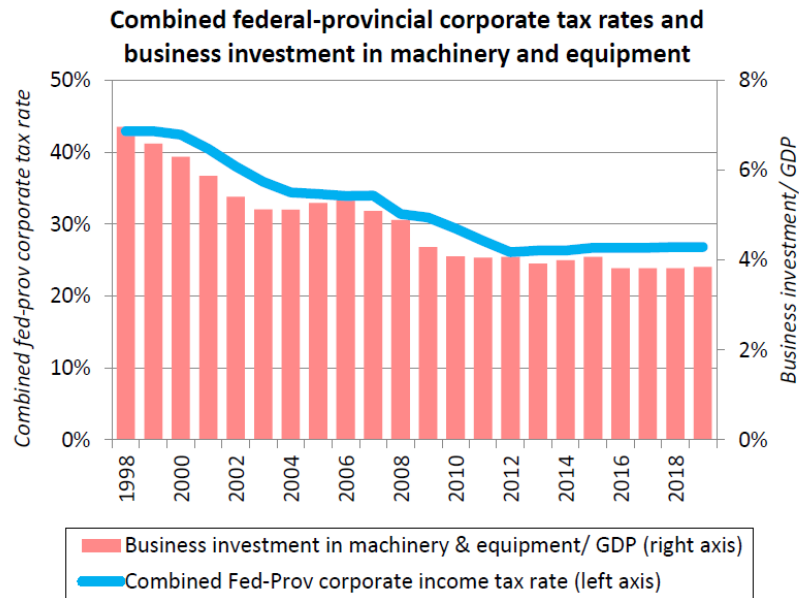
Based on these factors, government decisions can have different impacts on women and men, and on different segments of the population. An inclusive gender analysis is an essential component of an effective evidence-based public policy.

The government should also publish results of the analysis in the interest of accountability and transparency. This will be useful for community organizations and businesses who strive for gender equality.

Against personal and corporate tax reductions

We believe it would be counterproductive to reduce taxes rather than reinvest in our social programs and services.

Firstly, we challenge the general idea that income tax and corporate tax reductions lead to investments. Analysis done by Canadians for Tax Fairness clearly shows that this is not the case, as shown in the diagram below.



Sources: OECD tax database and Statistics Canada table 36-10-0104-01.

The investment curve for Canadian businesses drops as taxes are reduced. In other words, from 1998 to 2012, Canadian businesses constantly reduced their investments in spite of tax reductions. According to this analysis:

“Businesses will increase their productive investments in the economy only if they expect people and other businesses will buy more of their products [...] If corporate income tax reductions do not result in more investments, if their profits do not have an impact and if government cuts public spending to pay for corporate income tax reductions, demand will drop, and businesses will not invest as much.”¹²

It also seems counterproductive to reduce personal income taxes, especially for the rich. After all, income taxes for the rich have decreased over decades and have given rise to increasing gaps between the rich and the poor. Another study done by Canadian for Tax Fairness shows revenues of Canadian billionaires, some of whom live in here in our province, have surged during the pandemic while many of their fellow citizens struggle to stay afloat.¹³

In our opinion, the government must focus on improving the economy by encouraging women’s participation in the job market rather than balancing the budget in the short term and cutting personal and corporate taxes and other taxes. To that end, a gender-based analysis is a must before setting the budget, and government policies and pay equity legislation should be implemented in the private sector.

We recommend that the government:

- **focus on improving the economy by fostering women’s participation in the job market rather than on balancing the budget in the short term,**
- **pass as soon as possible a proactive provincial law guaranteeing pay equity in the private sector,**
- **perform and publish an inclusive gender-based analysis before making any decision, including and especially in drawing the budget, and publish it, and**
- **refrain from reducing personal and corporate income taxes.**

2. Offer efficient public health care

Any discussion on health care should include community care services even if they are funded in total or in part and regulated by the Department of Social Services rather than the Department of Health. Why? Because these services go hand in hand with health care. They promote the

¹² Toby Singer. 2020. Corporate Income Tax Freedom Day. Canadians for Tax Fairness.

¹³ Toby Sanger and Erika Beaudesne. 2020. It's time to tax extreme wealth inequality. Canadians for Tax Fairness. https://www.taxfairness.ca/sites/default/files/resource/canadian_for_tax_fairness_-_billionaires_report_2020_final.pdf

well-being of many citizens, from the elderly to women fleeing spousal abuse, from handicapped children and adults to people who suffer from mental illness.

What proof do we have that the two are linked? Too many people are still in hospital waiting for home care, rooms in special care homes or nursing homes. This drives up costs needlessly and affects people’s quality of life. If appropriate services were funded and available when needed, costs would be greatly reduced.

The pandemic highlighted the importance of these services and the people who offer them. It was noted that 90% of the salaried workers in this sector were women and that racialized persons and immigrant women were represented disproportionately, more often than not because they had few other options. We bemoaned the fact that staff was generally underpaid and did not benefit from paid sick leave. Moreover, their working conditions did not improve. True, the government did increase wages for those who earned less than \$18/hour during the first months of the pandemic (March to mid-July), but this increase has already been eliminated even though the pandemic is not over.

This sector was in crisis long before COVID-19 started to disrupt our lives. Staff was already undervalued and underpaid and their situation was precarious (sick leave rarely paid, number of work hours not guaranteed, etc.). Is it any wonder that recruiting and staff retention is difficult? Staff turnover inevitably affects the stability of care and increases the vulnerability of those who need care.

After several years of status quo, we acknowledge that recent governments have invested in wages for women in the care sector, but the investments are sporadic and unpredictable, as shown in Table 1.

It is worth noting that the government does not subsidize wages directly for crisis interveners in transition houses for women victims of spousal abuse.

**Table 1. Wage increases in care services in New-Brunswick
2016 - 2021**

Services	Hourly wage increases					Hourly wages	
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2019	2020
Home care	-	-	0.40	1.00	0.50	14.80	15.30
Community residences	-	-	0.25	-	1.00	15.05	16.05
Group homes for youth	-	-	-	2.00	-	16.80	16.80
Family support services	1.00	-	0.40	0.50	-	nab	n.a.

Attendant care services	-	-	-	0.50	-	n. a.	n. a.
Special care homes	1.00	-	1.00	1.00	-	14.00	14.00
Employment support services program (ESSP)	1.00	-	0.25	-	1.50	14.80	16.30

In spite of these investments, wages clearly do not always reflect the value of the work when responsibilities, skills and qualifications, effort and working conditions are compared with those of male-dominated jobs, but it is difficult to determine a fair wage.

That is why the Coalition for pay equity has decided to do a pay equity maintenance exercise in collaboration with sector employees and employers in three services. The purpose of the exercise was to update pay equity evaluations done by the provincial government between 2008 and 2014 for four selected jobs:

- » Home care worker, in home support services
- » Crisis intervener, in transition house for women victim of domestic violence
- » Direct caregiver, in community residences for adults
- » Direct caregiver, in community residences for children.

Results have shown that wages for these jobs are still a long way from achieving pay equity. In fact, they range from \$15.30 to approximately \$16.80/hour, but fair ones would be in the range of \$22 to \$25/hour (Table 2). The entire analysis can be found in the report *The Value of Care: pay equity maintenance in home care, transition houses and community residences*, published in the autumn 2020.

Table 2. Fair wages according to the Coalitions' pay equity maintenance exercise

Services	Job classification	Fair hourly wages	Hiring wages (estimate)	Difference
Home care	Home care worker	\$21.97	\$15.30	\$6.67
Transition houses	Crisis intervener	\$25.13	\$14.40 - \$16.70	\$8.43 - \$10.73
Community residences	Direct caregiver (adults)	\$25.25	\$16.05	\$9.20
	Direct caregiver (children)	\$25.25	\$16.80	\$8.45

The Coalition is currently evaluating four other jobs:

- » Special care home worker,
- » Community crisis intervener, Employment support services program (ESSP),
- » Family support worker for adults, and
- » Family support worker for children.

Results for these will not be available for a few months yet, but they will likely be in the same range as jobs that have already been evaluated.

Without government intervention and targeted investments, recruiting and staff retention will become more and more challenging, and families will have difficulty getting the care and services they need. Recruiting campaigns to encourage young people to enter these fields will not have much impact if wages and working conditions do not improve. Focus has to be on prevention rather than crisis management, and on permanent wage increases to achieve pay equity.

The Province is relying on hiring more immigrant women to fill these jobs, particularly in the care sector. But hiring these women does not solve the problems of pay inequity, job insecurity and staff retention in the sector. We must offer these workers good working conditions, fair wages while facilitating their integration to improve retention. Immigrant women also want and deserve equitable wages.

We must remember that in the long term such investments are profitable. Any wage increase will more than likely be spent in New Brunswick. And since these services are offered across the province, increases will stimulate economic development in all our regions.

Care services are also an important factor in retaining existing manpower in other sectors of the economy. In 2014 alone, more than 80,000 women left the labour market in Canada, reversing the previous trend where women's participation constantly increased. Most of these women were 40 to 54 years of age. Economist Toby Sanger noted that the need for eldercare and care for other dependants, the high cost of childcare, and an enormous pay gap discourages women from working outside the home.¹⁴

Evidence suggests the analysis is still valid and applies to New Brunswick. It is worthwhile to note that women in our province generally spend fewer hours at work than men. In January 2020, women holding full-time jobs worked on average 33.1 hours/week, compared to 39.1 for men.¹⁵ There are also more women working part-time than men. In January 2021, 21% of New Brunswick working women were part-time workers, compared to 13% for men.¹⁶ On a daily basis, however

¹⁴ T. Sanger, 2014. "Why Are Canadian Women Leaving the Labour Force In Record Numbers?", *HuffPost Business*, http://www.huffingtonpost.ca/toby-sanger/canadian-women-workforce_b_6818522.html

¹⁵ Statistics Canada. [Table 14-10-0037-01 Actual hours worked by industry, annual](#)

¹⁶ Statistics Canada. [Table 14-10-0287-03: Labour force characteristics by province, monthly, seasonally adjusted.](#) <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410028703#timeframe>. Accessed February 9, 2021.

women in the Atlantic Provinces did more unpaid work related to caregiving and housekeeping than men (3.7 vs 2.7 hours).¹⁷

With New Brunswick's aging population, these trends are likely to continue. To support families and increase the number of women in the workforce, the community care sector must hire qualified staff and be able to retain them.

We recommend that the government:

- **Develop and implement a five-year plan to achieve pay equity in the entire community care sector, including:**
 - **more public investments in sector wages until pay equity is achieved,**
 - **the creation of wage scales that take pay equity into consideration,**
 - **the annual indexation of wage scales to the consumer price index,**
 - **pay equity exercises for all jobs not evaluated in the community care sector, including administration and kitchen staff,**
- **perform pay equity maintenance exercises in the community care sector every five years, and**
- **take the necessary measures to ensure vulnerable people have access to an adequate level of care for their condition.**

3. Improve our education system

Education starts in early childhood. Nursery schools should be considered as one of the pillars of our social infrastructure, just as school and hospital systems are. In fact, nursery schools should be where public education starts.

It is time to implement a high quality universal public childcare program that is accessible, affordable, inclusive, and flexible, and meets the diverse needs of parents, children, and Indigenous people in New Brunswick, whether they live in an urban or a rural setting.

Research has shown that educational childcare contributes greatly to child development, boosts women's participation in the labour market, brings about economic benefits, and increases underprivileged children's chances of success.

These investments do pay off. The economic benefits of accessible and affordable education childcare have been calculated countless times. For example, researchers estimate that low-cost

¹⁷ Statistics Canada. Daily average time in hours and proportion of day spent on unpaid domestic, Atlantic Provinces, 2015. <https://gnb.socrata.com/Economic-Participation-and-Prosperity/Daily-average-time-in-hours-and-proportion-of-day-/ims5-n58f>. Accessed February 11, 2021.

childcare services have added some 5.1 billion dollars to Québec's GDP in 2008 because more women entered the workforce.¹⁸

To ensure quality daycare services, childhood educators must earn equitable wages. We know the government has invested in wage increases in the last few years, and we hope that will continue to be the case until pay equity is reached. After all, pay equity is the cornerstone in creating a quality, cohesive care system, because higher wages will attract qualified workers and reduce staff turnover just as it would in the community care sector. At the moment, low wages deter people from getting training in childcare services and do not meet the expectations of those who do have training. After only a few years in the field, qualified workers often accept better paying jobs in other sectors.

We recommend that the government:

- **Give annual wage increases to childhood educators until they have reached pay equity, and**
- **Implement a quality universal public childcare program that is accessible, affordable, inclusive, and flexible, and meets the diverse needs of parents, children, and Indigenous people of New Brunswick.**

¹⁸ P. Fortin, L. Godbout et S. St-Cerny, 2012, « L'impact des services de garde à contribution réduite du Québec sur le taux d'activité féminin, le revenu intérieur et les budgets gouvernementaux », Chaire de recherche en fiscalité et finances publiques.

4. Conclusion: create dynamic and viable communities

A dynamic and viable community is based on solid social infrastructures and a strong service economy. Whether it is quality affordable childcare services, community care services to support the most vulnerable in our communities, or education and health systems adapted to our needs, New Brunswick families need these infrastructures to flourish and participate in the provincial economy and the labour market.

The community care sector is presently in crisis. The staff turnover rate is very high because of insufficient wages and poor working conditions. Childcare is also going through similar problems. We must invest to achieve pay equity in these sectors. Society as a whole as well as the economy across all regions will benefit from it. Firstly, people who need help will be able to rely on more stable services if wages are appropriate. Secondly, women will be able to fully participate in the labour market in greater numbers. This in turn will increase New Brunswick's productivity. Thirdly, since these jobs are found all over the province, wage increases for workers will be spent and reinvested directly in their communities.

Finally, the government should stimulate economic development by encouraging women's participation in the labour market rather than balancing the budget. Pay equity can contribute to economic development and must be part of government objectives in the interest of justice and human rights. Reducing personal and corporate income taxes seems counterproductive, because nothing has proven that this approach leads to investments in local and provincial economies.

Recommendations

To increase investments in the private sector and support a stronger, more resilient economy

We recommend that the government:

- » focus on improving the economy by fostering women's participation in the job market rather than on balancing the budget in the short term,
- » pass as soon as possible a proactive provincial law guaranteeing pay equity in the private sector,
- » perform and publish an inclusive gender-based analysis before making any decision, including and especially in drawing the budget, and publish it, and
- » refrain from reducing personal and corporate income taxes.

To offer efficient public health care

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- » take the necessary measures to ensure vulnerable people have access to an adequate level of care for their condition.

To improve of our education system and support our students' success

We recommend that the government:

- » Give annual wage increases to childhood educators until they have reached pay equity, and
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