



## Federal Budget 2009 and Women

### What's in the budget?

- Changes to Employment Insurance to allow those who qualify, an extra 5 weeks of benefits for the next two years.
- A restatement of the announcement made in the Federal Government's November 27, 2008 *Economic and Fiscal Statement* to end the ability of women workers in the federal public sector to appeal disputes with their employers over pay equity to the Canadian Human Rights Commission.
- Billions in infrastructure spending
- Increase in the basic personal income tax exemption amount and cuts in personal income tax
- Increase of the National Child Benefit Supplement and the Canada Child Tax Benefit
- Wage controls on federal public servants – percentage increases of 1.5% for the next three years
- Announcements related to private pension plans, RRIFs and Tax Free Savings Accounts
- Extensive infrastructure, housing and skills training monies for Aboriginal peoples

### What does it mean?

The current employment insurance system remains in place in the face of a growing economic recession that will throw more and more people out of work. Women are particularly at risk because they are much more likely to be in casual or temporary employment.

The current system requires a minimum number of hours worked to qualify for benefits. Women are much less likely to have the

required number of qualifying hours, due to their over-representation in temporary, part-time and casual work and the fact that women have more interruptions in their work life due to children and family responsibilities. Adding five weeks of benefits will not help many women who don't qualify in the first place. The other problem with the current system is that it pays a very low level of benefits that is inadequate to support families and children. This is particularly true for women, who generally earn much less than men.

As in other sectors, pay inequality between women and men existed for decades in the federal public service, until legislation was introduced in the 1980s and 1990s. Since then, the federal government has paid over \$4 billion in retroactive payments to thousands of underpaid women employees in the public service. When the legislation failed to provide adequate compensation, women had the option of filing a complaint with the Canadian Human Rights Commission. But the Conservative government has ended that appeal process for federal government employees without living up to its responsibility to ensure that its workplaces are free of wage discrimination.

The Budget allocates millions into infrastructure projects which means jobs for engineers, trades, labourers – predominately male workers. So, women will not benefit as much as men from the economic stimulus package since women tend to be concentrated in health care and service jobs. There may be spin off jobs in these sector, but direct investment would have demonstrated an understanding of the differential impact of government expenditure on women, and acknowledge the value of women's work in the crisis.

The budget also allocates employment insurance training dollars, but predominantly for male-dominated occupations.

The increase in the basic personal amount will mean an increase in those paying no tax, which will assist women who predominate in the low income categories and therefore more likely to be helped by the increase in this exemption. However, the changes to the personal amounts and income tax brackets will only reduce the taxes by \$66 a year for a typical two earner family with two children and an income of less than \$60,000 a year. Meanwhile a similar family with an income of over \$200,000 will get a tax cut of \$634 a year. Since those with higher incomes save more of their money, income and corporate tax cuts don't provide much stimulus compared to direct public investment and spending, or compared to support targeted at lower income families.

This announcement will benefit women and their families because it increases the amount that families can earn while still receiving the National Child Benefit supplement and the Child Tax Benefit.

Women will receive less from the percentage wage increases in the government's wage controls. Percentage increases don't do anything to narrow the wage gap between men's and women's wages. They actually widen the wage gap because they give larger increases to those at the top of the wage scale.

The Budget does nothing to support and augment our public pension system of Old Age Security and the Canada Pension Plan.

The funding allocated to Aboriginal Peoples offered no specifics to address the needs of Canada's most marginalized members of society, Aboriginal women.

### **What would be better choices?**

The number of qualifying hours for employment insurance should be reduced to 360 hours. The benefits should be based on 60% of earnings

over the best 12 weeks and benefit coverage should last for 50 weeks.

Parallel investment in the health care and services sectors where women dominate, would go a long way to reducing poverty and increasing spending at the local level. Investing in health care would not only create more jobs for women but it would reduce wait times. Investing \$1 billion in healthcare would create 18,000 jobs.

In 2004 a federal pay equity task force recommended that what was needed to ensure that women get the fairness they deserve with respect to equal pay for work of equal value was to change the current system, which is complaints-based. What is needed is to amend the current pay equity legislation to make it proactive. This means requiring employers introduce a pay equity program in the workplace and create an independent commission to enforce the legislation.

The federal government should be expanding the definition of infrastructure to include child care centres along with schools and recreation centres. Funding for child care spaces that would help women get and keep full time jobs – that would qualify them for EI benefits for parental leave or layoff. At the same time we need to see public investment in training programs targeted to get more women into well-paid, unionized trade jobs.

Flat-rate wage increases give each worker the same cents per hour wage increase. This has the effect of narrowing the gap between the bottom and top of wage scales because it boosts the bottom rates more than the top rates.

We need to expand our public pension systems because they are paid by and belong to all working Canadians. Senior women in particular would benefit from this expansion because they are much less likely to have access to a private pension or to be able to rely on RRSPs in their retirement than men.