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Presentation to
Standing Committee on Human Resources, Social Development
and the Status of Persons with Disabilities

on

Women's Poverty

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Introduction:

Thank you for inviting us to make a presentation to the committee. The Canadian Association of Social Workers (CASW) is a federation of the country's provincial and territorial professional associations.

Several CASW reports, which we have submitted to the committee, analyze in some detail the income gap between women and men, women's poverty, the income and poverty of Black women, the health of low-income women, the impact of pensions on women and a proposal to create a gender-sensitive poverty line.

Our major concern, in this presentation, is the poverty of women. Social workers in all fields of practice are engaged with women who are experiencing poverty. We focus, as requested, on proposed solutions, but we highlight below a few basic issues about women's poverty in order to provide some context for the proposed solutions.

Issues:

Poverty of Women

- In 2005, 1,772,000 women in Canada (11.2% of the total female population) were living in low income (LICO-IAT). The low income of women is further affected by age, ethnicity, family status, immigrant status, Aboriginal status and family status.
- Women are disproportionately poor compared to men. In 2005, 29% of female lone-parent families were poor compared to 12% of male lone-parent families; and 37% of unattached women under the age of 65 were poor compared to 32% of the same group of men.
- The average earnings of women relative to men remain in the 62% to 65% range. For women working full time, the percentage is higher (about 71-72%), but the gap is still significant.
- While the vast majority of adult women are now in the paid work force, women's experience of paid employment is different from that of men. In 2004, almost 40% of women's employment, compared with 29% of men's employment, was in "non-standard" work.
- The health of low-income women is compromised. Low-income women are less likely to survive childbirth, more likely to experience ill health and more likely to live fewer years than higher-income women.

- The types of jobs in which women are employed, continuing lower wages and limited pension coverage make it difficult for women who work throughout their lives to accumulate retirement incomes and provide a secure financial future.

Poverty of Senior Women

- Among unattached individuals in 2005, the percentage of senior women with low income was 20% compared to 13% for men.
- In 2005, it was estimated that the incomes of unattached low-income older women were, on average, about \$2,200 below the after-tax Low Income Cut-Off (depth of poverty).
- The maximum annual benefit a single individual would currently receive from OAS and GIS is about \$13,500. Statistics Canada 2005 after-tax Low-Income Cut-Off for a single individual in a major urban area is approximately \$17,219 and for smaller urban areas \$14,000. Provincial top-up benefits to seniors receiving GIS tend to be small.
- In 2003 (the most recent year for which data are available), women aged 65 and older received more than 50% of their income from government transfers, while senior men received 41% of their income from this source. Retirement pensions, which include both workplace pensions and RRSPs, were a much more important source of income for men than for women.
- The Allowance component of OAS/GIS is available to low-income individuals aged 60-64 who are married to a low-income pensioner, and to low-income widows aged 60-64. Low-income individuals aged 60-64 who have never married, who are separated or divorced, or who are married to someone who has not yet reached age 65 are not eligible for this program.
- Women receive low CPP benefits because of their low earnings. Under the existing plan, contributors receive a pension roughly equivalent to 25% of their average annual earnings over their lifetime. Also, some older women have to withdraw from paid employment to care for older family members or relatives with disabilities. As a result they also lose CPP entitlements.
- Aboriginal women seniors have lower incomes than other senior women as well as their male counterparts. In 2000, the median income of female Aboriginal

- Immigrant women seniors living on their own are more likely than Canadian-born senior women to have low income. In 2000, 71% of immigrant women aged 65 or older living on their own had low income, compared with 42% of all Canadian women aged 65 or older who were living on their own.

Policy Challenges:

- The policy challenges that impede or restrict a reduction in the gap between men's and women's incomes or in the poverty of women are multidimensional. The solutions must also be multidimensional.
- While the participation rate of Canadian women in the labour market compares favourably with other developed countries, the labour market activity of single women with children is not as strong. In northern Europe, women who are single parents are more likely to work than women with a spouse. In Canada, the opposite is true.
- The welfare system in Canada is dysfunctional for women. More women are on welfare than in most European countries. Rates are low, reinforcing rather than reducing poverty. The system does not work and needs to be replaced.
- The tightening of Employment Insurance (EI) eligibility criteria since 1997 has had a significant negative impact on low-income women since the benefits not only affect income support due to job loss but also affect maternity leave and infant care.
- In developing policies to improve the financial security of senior women, it is important to recognize women's different patterns of paid and unpaid work. A national strategy needs to take into account the origins of older women's poverty, including women's lower earnings; their family responsibilities; the changing structure of the paid work force; the fact that women, because of their greater life expectancy, will spend longer in old age on average than men will; and the likelihood that most women will be left on their own eventually.
- Improvements in public retirement benefits (OAS, GIS and CPP) are needed to offset disadvantages to women.
- By whatever measure one uses, the amount of quality, affordable child care in Canada is low relative to the number of parents needing it and in comparison to many other OECD countries. The problem is particularly acute among single mothers, which also helps to explain why Canada has a disproportionate number of women on social assistance compared to other developed countries.

- According to an evaluation report for the government of Canada on gender equality at work, mainstream labour market policies with regard to women are constrained in the following ways:
 - * Monitoring and enforcement mechanisms regarding employment standards governing wages and benefits in non-standard work are not effective.
 - * Equal opportunity policies need to be more precise about goals and timetables to deal with systemic discrimination in the workplace.
 - * Adequate financial supports need to be in place to assist the women in training and apprenticeship programs.
 - * Bridging programs, designed to help women overcome personal, cultural and systemic barriers to employment, are currently limited in scope.
 - * Training programs need to be geared to high-demand sectors, not dead-end jobs.

- The paucity of affordable housing for women is another challenge. Recent agreements between the federal and provincial governments have focused on small increases in new rental housing subject to equal contributions from the provinces. The problem is compounded because current housing subsidies or rent supplements are designated for social and private housing units, rather than individual households.

- Another housing problem affecting low-income women is the difficulty of getting access to mortgages or housing finance in order to purchase rather than to rent a housing unit.

Policy Solutions:

We think that the following five proposals, if pursued, would help to alleviate the poverty of women. The *first* is to *revise the poverty line* or low-income cut-off so that it is more comprehensive and reflects the reality of women's lives. A composite poverty line is important in order to establish targets for a reduction in the rate of poverty. *Second* is a proposed *reform of welfare and employment insurance* based on a new architecture for these programs. The reform is based on a model developed by the Caledon Institute. *Third* is the promotion of an *active labour market policy for women*. *Fourth* is a *proposal to improve retirement benefits* such as OAS, GIS and CPP. *Fifth* is the *modification of housing supports and subsidies* to provide greater benefit for low-income women.

Composite Poverty Line

- The incidence of women's poverty in Canada depends upon which measure is used to calculate it. Some poverty measures rely primarily upon a basket of goods (a so-called absolute approach). Some tie poverty to income distribution (a relative approach). All current measures, however, are related only to income. They do not include other indicators that isolate or deprive women.
- Additional measures need to be developed for women. The structural causes of women's poverty are different from those affecting men. One way to link poverty measures more closely to women's experiences is to make women, not the family or household, the unit of analysis. Another way is to develop gender-sensitive social indicators related to education, health, employment and family support. A composite index of women's poverty could be developed.

Reform of Welfare and EI

- According to the Caledon Institute, a modern system of income support should: provide temporary earnings replacement for the unemployed; provide long-term support for people with severe disabilities; give access to essential services; and ensure that work pays for the working poor. To achieve these goals, the institute proposes a three-tiered system to replace the current welfare/employment insurance divide.
- Tier one of the system would consist of two unemployment assistance programs – modeled after the non-contributory Old Age Security/Guaranteed Income Supplement and the contributory Canada Pension Plan. The first assistance program would provide minimal support for all unemployed for six months. It would be supplemented for some workers by an additional benefit, also for six months, based on prior contributions. Both components would be funded by or through the federal government.
- Tier two – employment preparation – would target unemployed people who cannot find alternative work within six months and would focus on employment preparation and job search. It would be jointly funded by the federal and provincial governments.
- Tier three – basic income – would be for the severely disabled who cannot earn an adequate income from employment. It would be long-term and funded by the federal government.

Active Labour Policy

- Recent European research confirms that active labour market policies, affecting standards, pay equity, equal opportunities, training and family support, have a

- It is also important for women that social programs such as child care be closely linked with labour market policy. The linkage is particularly important to reduce barriers for single mothers to participate in the labour market. While arguments for child care are frequently made on the basis of increasing equality for women or supporting child development, labour productivity is also an important factor.

Improvements in OAS/GIS/ CPP

- Retirement income policies can be developed to reduce poverty among seniors and ensure the financial security of women in old age in two ways. They can mitigate poverty in old age by providing benefits to poor women once they are old. They can assist women through a variety of measures that would improve their ability to accumulate retirement income throughout their lifetimes.
- Some suggestions to improve the OAS and GIS include the following: (i) the combined amount of OAS and GIS for those who have no other sources of income in old age should be raised; (ii) OAS and GIS should be indexed to wages rather than prices so that the standard of living of future seniors does not fall behind the rest of the population; (iii) the Allowance program should be made available to all low-income persons aged 60 to 64, regardless of marital status.
- To improve CPP retirement pensions for low-income individuals, the replacement rate could be increased above 25% of average earnings. Increased replacement rates could be financed by increasing the upper level of contributory earnings from the current \$43,700, which is roughly equivalent to the average wage. The burden of high CPP contribution rates for lower-income earners could be addressed by increasing the tax credit for CPP contributions or making it a graduated credit geared to income. This would also help multiple jobholders whose earnings at any one job are below the Year's Basic Exemption and who wish to make a CPP contribution when they file their tax returns.
- A care-giving drop-out could be implemented in the CPP. Comparable to the child-rearing drop-out, this would allow older women who will be claiming their CPP retirement pensions in the future to exclude a certain number of years during which they were engaged in unpaid care-giving for older or disabled family members from the average earnings calculation on which their retirement pensions will be based, thus improving the amount of their pension.

Housing Supports and Subsidies

- The development of a comprehensive portable shelter subsidy or housing allowance, allocated as a direct cash transfer or tax credit, would be a benefit to low-income women. It would balance the current system of subsidies that are unit-based, remove the administration and allocation of subsidy from the housing provider and eliminate the discriminatory consequences of lengthy waiting lists and other restrictions in social housing. Eligibility for subsidy would be determined by need rather than access to social housing units.
- It may be possible to make homeownership more affordable than rentals for single mothers. If low-income women with children were free to choose, some would probably choose to spend a higher proportion of their income in order to gain the advantages of homeownership. CMHC's income restrictions on mortgage insurance for low-income people could be reduced so that women and low-income households could be provided with alternative ways of demonstrating credit worthiness. Programs could also be initiated to protect low-income home buyers from fluctuations in interest rates.