

BC Disadvantage for Women

Earnings Compared with Other Women in Canada

SUMMARY: During most of the 1990s, women in BC received average earnings that were generally equal to or higher than the national average. In the late 1990s, however, BC women's earnings dropped, and have since lagged behind the Canadian average. By 2010 (the last available data) there was a \$2,700/year difference in earnings for all workers. Women who work full-time/full-year had wages below the national average for most of this period, only reaching the average in 2010.

- From 2002 to 2010, women in BC saw an average increase in their real earnings of 0.49 per cent per year, compared to a Canadian average for women of 1.4 per cent per year. While earnings for women in BC are slowly improving, they are not keeping pace with the average for women workers in Canada.
- The earnings gap between males and females is large, but has narrowed somewhat since 2000, both for Canada as a whole and for BC. In 2000 all women workers in Canada earned on average about 62 per cent of what men earned and this improved gradually to 68 per cent in 2010. A similar pattern occurred in BC, with women in 2010 earning 65 per cent of what males earn. The gender wage gap for full-time, full-year work in BC has been quite erratic, varying from between 66 and 76 per cent during the 2000–2010 period. In 2010 it was slightly higher than the national average.
- The various attempts in BC to keep wages from rising appear to have had an impact on low-income earners over the past 10 years. Public policy in BC has undermined the needs of workers in the mistaken belief that a low-wage policy will be best for the economy. While economic crises clearly had an effect on earnings, during most of the period under consideration one would have expected the earnings disadvantage to improve as the economy improved. This did not happen in BC. The inability of the earnings of women to recover to at least match the average for Canada coincided with public policy that put women at a disadvantage.

by Marjorie Griffin Cohen

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INTRODUCTION

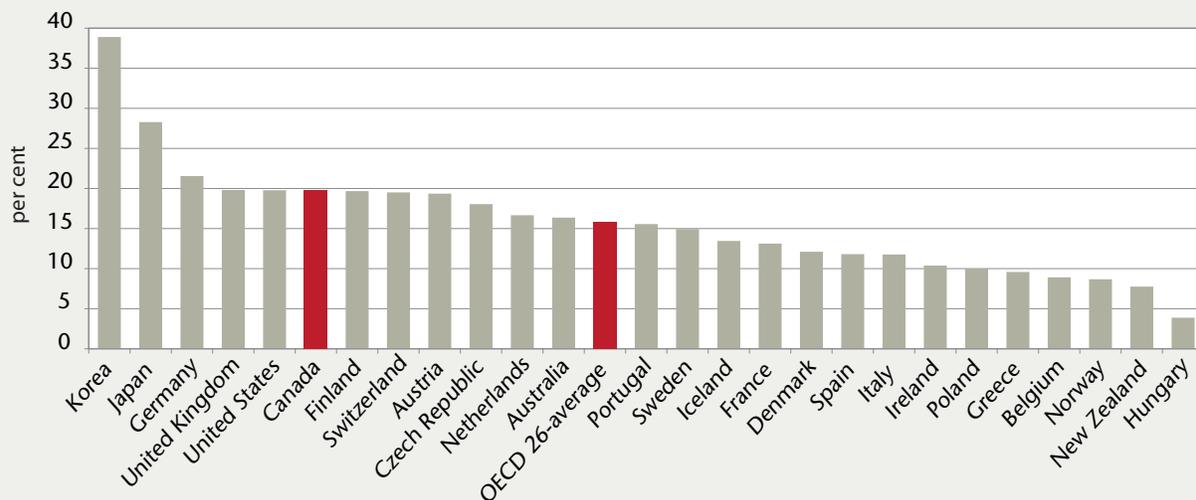
A December 2011 report by the Organisation for Economic Cooperation and Development (OECD) gained a great deal of attention because it showed that Canada has more income inequality than most OECD countries.¹ Canada ranks near the bottom (26th out of 34 countries) and its inequality has been growing. The OECD pointed to two major reasons for this growing income inequality: the increasing disparity in wages between high and low-income earners, and changes in public redistribution policies. The redistribution policies affecting rising inequalities included tax reductions that helped the wealthy most and reductions in social benefit levels that had a greater impact on low-income people. Within Canada, BC comes last in most measures of income inequality.² According to BC Stats, “compared to other provinces, BC ranked dead last in 2009, with the largest gap between the top 20% and the bottom 20% of income earners.”³

According to the OECD, Canada is the sixth worse country in gender income inequality between males and females.

Less well publicized is where Canada and BC stand among OECD countries in gender earnings inequality. According to the OECD, Canada is the sixth worse country in gender income inequality between males and females (Figure 1).⁴

Within a country that has a poor showing for women’s equality in earnings, women in BC have fallen behind the Canadian average.⁵ While the real earnings of women in both Canada and BC have improved in the 21st century and the wage gap between males and females has narrowed somewhat, women in BC have not kept pace with other women in Canada.

Figure 1: Gender Wage Gap of OECD Countries, 2009



Source: OECD Employment Outlook 2011, www.oecd.org/els/oecdemploymentoutlook2011.htm

- 1 OECD, *Divided We Stand: Why Inequality Keeps Rising* (Paris: OECD, 2011).
- 2 M. Griffin Cohen and S. Klein, “Poverty Reduction in British Columbia?: How ‘The Best Place on Earth’ Keeps People Poorest,” *Canadian Review of Social Policy* 65/66 (2011): 58-75.
- 3 BC Stats, “Mind the Gap: Income Inequality Growing,” *Business Indicators* (January 2012).
- 4 www.oecd.org/social/family/database. In reality, Canada is nearly tied with the UK and the US for being the fourth worst on gender inequality.
- 5 The figures that follow use average earnings for women. This is in contrast to the OECD figures, which use median earnings for cross-country comparisons.



Average Female Earnings in Canada, 2010

Note: Earnings = wages and salaries. 2010 constant dollars.

Source: Income Statistics Division, Statistics Canada, constructed from CANSIM Table 202-0101.

The distinct feature of this paper is to show the average income experiences of women in BC in comparison with those of the Canadian average for women.

The usual way of looking at women’s earnings inequality is to examine the earnings gap between males and females. This is done by looking at either the average differences between male and female wages and salaries for all work (including part-time and part-year work) or for full-time/full-year work to see how these gaps change over time. These comparisons between male and female work occurred in the past to encourage governments to design public policy measures to ensure that earnings are fair. The assumption is that with fair employment policies and less occupational segregation the gender earnings gap could be reduced over time.

The gender earnings gap is still very significant in BC and in Canada, but the inability of women’s wages in BC to keep pace with those of women in the rest of Canada needs special public attention and points to the general wage disadvantage of women in BC. The distinct feature of this paper is to show the average income experiences of women in BC in comparison with those of the Canadian average for women. This is done by first comparing the earnings of all female workers in BC, including full-time, part-time, and part-year workers with the Canadian average for this group. It then compares the earnings for only full-time, full-year female workers in BC and Canada. The paper also examines the wage gap between males and females and how BC compares with the Canadian average. The final section discusses the ways that BC has been distinct in its labour policies and its treatment of women in the past decade with reference to the implications this has for supporting working women. It shows that public policy changes that have restrained wages in BC coincide with the wage disadvantage experienced by women in this province.

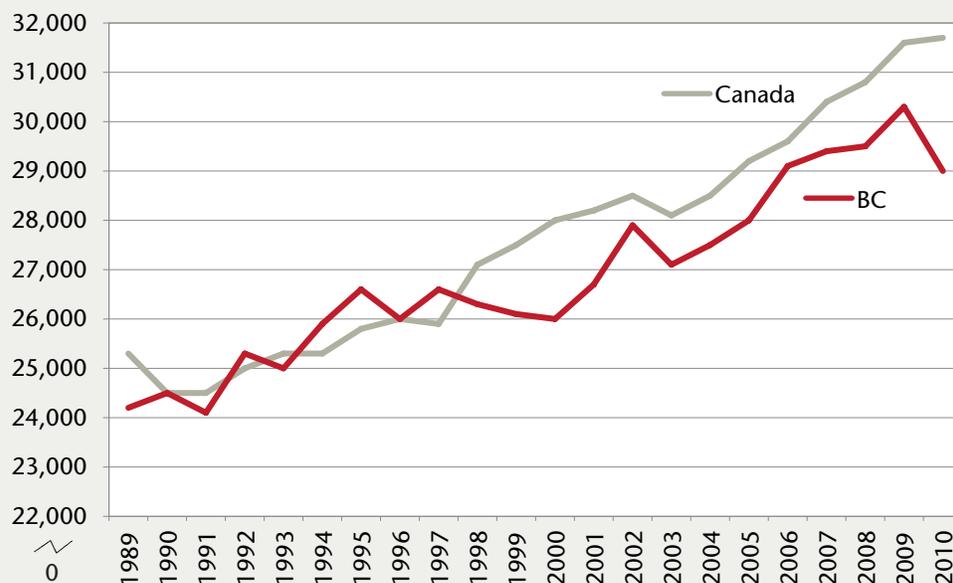
COMPARISONS OF ALL FEMALE WORKERS

During most of the 1990s the average earnings for women in BC was generally equal to or higher than the Canadian average (Figure 2). A dramatic change began toward the end of the decade when earnings of women in BC lagged behind the Canadian average for all women workers. The differences grew until 2000, when improvements began. While the general trend in Canada is for women's wages to increase slowly, the increases in BC have not matched those in the rest of the country and have not recovered from the comparative difference initiated in the late 1990s. In the 21st century women in BC received average earnings that were below what women in Canada in general received, as can be seen in Table 1. In 2002, soon after the Liberal government came into power, the difference of \$600 per year was substantial, but this gap that had been very large in 2000 looked like it was beginning to close. However after this period, the differences in average earnings increased (with the exception in 2006 when the gap decreased). By 2010 women in BC were making \$2,700 less a year than the average for all Canadian women. Between 2002 and 2010 wages for women in BC grew by 3.9 per cent, an average of 0.49 per cent a year. In contrast, the Canadian average was 11.22 per cent for this period, or 1.4 per cent per year.

The important point is that while earnings have improved slowly, women in BC have substantially lower earnings than the Canadian average for women. Also worth noting is that the averages tend to be pulled up by high income earners. The median income for all female workers in BC has been basically flat for the first decade of the 21st century, rising from \$20,200 in 2000 to \$21,000 in 2010 or only 4 per cent over the entire period, compared with the national increase of 10.6 per cent. The differences between women's earnings in BC and Canada may be partially explained by the effect of economic changes on the gendered structure of the labour force between provinces, but that does not explain why improvements did not occur when the economy recovered. The normal expectation would be that as the BC economy improved, so would average women's wages in relation to the rest of the country. But this clearly did not happen and by the end of 2010 it appeared as though the trend was for women's wages in BC to increasingly diverge from the Canadian average.

While the general trend in Canada is for women's wages to increase slowly, the increases in BC have not matched those in the rest of the country and have not recovered from the comparative difference initiated in the late 1990s.

Figure 2: Average Female Earnings, Total Employed, BC and Canada, 1989–2010



Note: Earnings = wages and salaries. 2010 constant dollars.

Source: Income Statistics Division, Statistics Canada, constructed from CANSIM Table 202-0101.

Table 1: Average Female Earnings, Total Employed, BC and Canada, 2000–2010

	BC	Canada	Difference
2000	26,000	28,000	-2,000
2001	26,700	28,200	-1,500
2002	27,900	28,500	-600
2003	27,100	28,100	-1,000
2004	27,500	28,500	-1,000
2005	28,000	29,200	-1,200
2006	29,100	29,600	-500
2007	29,400	30,400	-1,000
2008	29,500	30,800	-1,300
2009	30,300	31,600	-1,300
2010	29,000	31,700	-2,700

Note: Earnings = wages and salaries. 2010 constant dollars.

Source: Income Statistics Division, Statistics Canada, constructed from CANSIM Table 202-0101.

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FEMALE-MALE WAGE GAP: ALL WORKERS

The ratio between female-to-male average earnings for all workers (including part-time and part-year workers) has been fairly consistent in Canada, with female earnings at about 63 per cent of male earnings throughout the 1990s and into the 21st century. Table 2 shows that the gender earnings gap in BC was higher than the average for Canada until 2002, when it began to be equal to or slightly higher than average. But since 2007 a difference between the BC wage gap and the Canadian wage gap has persisted. A substantial reduction in the wage gap occurred in 2009, in both BC and Canada. Women in Canada in that year earned 69 per cent of the average earnings

Table 2: Female Earnings as a % of Male Earnings, Total Employed, BC and Canada, 2000–2010

	BC	Canada	Difference
2000	59	62	-3
2001	61	62	-1
2002	63	63	0
2003	64	63	1
2004	64	64	0
2005	63	64	-1
2006	65	65	0
2007	65	66	-1
2008	61	64	-3
2009	68	69	-1
2010	65	68	-3

Note: Earnings = wages and salaries. 2010 constant dollars.

Source: Income Statistics Division, Statistics Canada, constructed from CANSIM Table 202-0102.

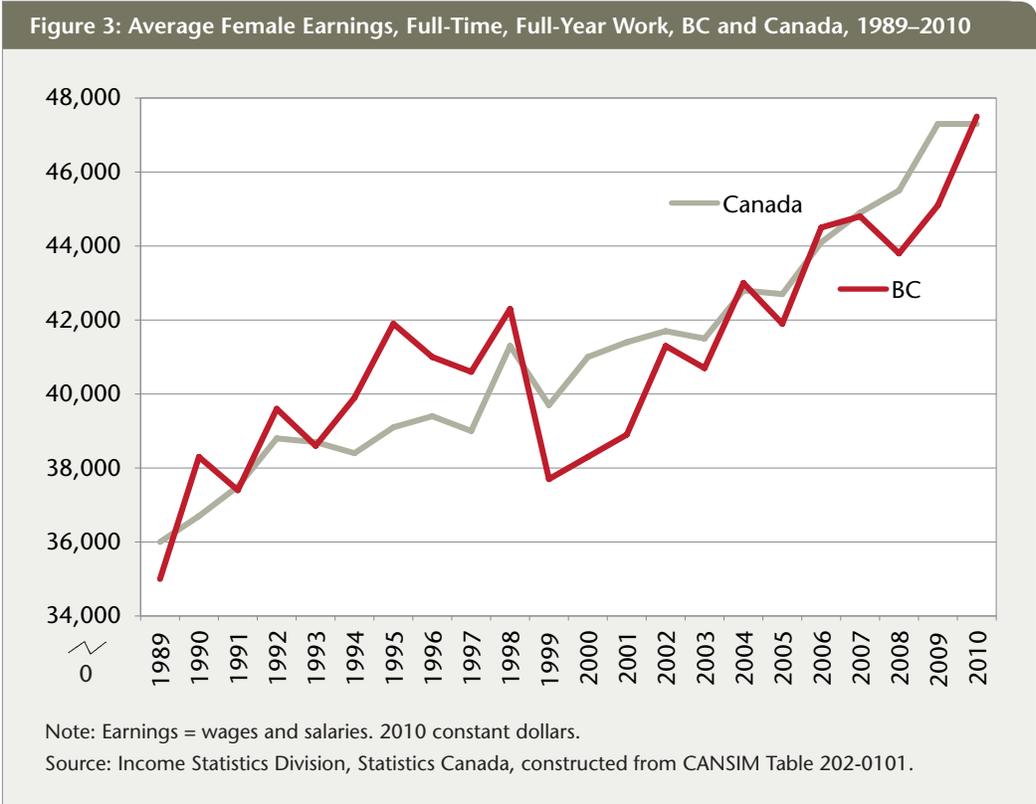
of males, while women in BC earned 68 per cent of male earnings. But this large reduction in the wage gap is unlikely to persist beyond the recession period because it clearly is related to the differential effects of the economic crisis on males and females. The recession negatively affected male employment in high paying jobs in the auto, construction and resource industries. This means the reduction in the male-female wage gap was largely because male wages declined.

COMPARING FULL-TIME, FULL-YEAR WORK

While a recovery occurred, BC women never gained the advantage in earnings that had been characteristic of the 1990s for full-time, full-year work

It should be noted that the above discussion deals with a gender comparison between all workers in the labour force, including part-time and full-time workers. Since females are much more likely than males to be working part-time or part-year, the earnings gap sometimes can be explained by fewer hours of work. It is notable, then, when comparing full-time, full-year work how much earnings for women in BC have differed from the Canadian average for women for most of the decade from 2000 until 2010.

Throughout the 1990s women working full-time, full-year in BC had wages that were on average considerably higher than the Canadian average (Figure 3). A significant change occurred in 1999–2000 when the difference between women’s experiences in BC and the country as a whole was very large at \$2,700. A recovery occurred in subsequent years, but women in BC never gained the advantage in earnings that had been characteristic of the 1990s for full-time, full-year work. The economic downturn associated with 2008 again saw women’s wages fall relative to the rest of the country. By 2010 the recovery in wages for this group was significant and the average for women in this group in BC was slightly above the national average.



As can be seen in Table 3, BC women’s average earnings actually dropped in 2003, 2005, and 2008. And, while the differences between BC women and the Canadian average was relatively small and even positive in certain years (2004, 2006 and 2010), by 2008 and 2009 it was quite large and was approaching the magnitudes of the large differences at the beginning of the decade. During this period real wages for this group of workers did improve by about 1.4 per cent a year, which was comparable to the national growth rate.

	BC	Canada	Difference
2000	38,300	41,000	-2,700
2001	38,900	41,400	-2,500
2002	41,300	41,700	-400
2003	40,700	41,500	-800
2004	43,000	42,800	200
2005	41,900	42,700	-800
2006	44,500	44,100	400
2007	44,800	44,900	-100
2008	43,800	45,500	-1,700
2009	45,100	47,300	-2,200
2010	47,500	47,300	200

Note: Earnings = wages and salaries. 2010 constant dollars.
Source: Income Statistics Division, Statistics Canada, constructed from CANSIM Table 202-0101.

FEMALE-MALE WAGE GAP: FULL-TIME, FULL-YEAR WORK

In general in Canada the earnings gap between males and females for full-time, full-year work has been closing in the 21st century. In 2002 women earned 30 per cent less than men for full-time, full-year work while by 2010 there had been a slow, but steady improvement and the figure improved to 26 per cent less. In contrast to this general Canadian trend, the changes are more erratic in BC (Table 4 on page 8). The gender gap improved considerably in some years, but by 2008 the gendered earnings gap was larger than it had been earlier in the decade. Also, the earnings gap was worse than for the country as a whole, at a 5 percentage point difference in 2008 and a 3 percentage point difference in 2009. By 2010 the gap was 2 per cent lower than the national average.

The BC gender gap improved considerably in some years, but by 2008 the gendered earnings gap was larger than it had been earlier in the decade.

Table 4: Female Earnings as a % of Male Earnings, Full-Time, Full-Year Work, 2000–2010

	BC	Canada	Difference
2000	68	71	-3
2001	70	70	0
2002	72	70	2
2003	70	70	0
2004	76	70	6
2005	74	71	3
2006	76	72	4
2007	74	71	3
2008	66	71	-5
2009	71	74	-3
2010	76	74	2

Note: Earnings = wages and salaries. 2010 constant dollars.

Source: Income Statistics Division, Statistics Canada, constructed from CANSIM Table 202-0102.

GOVERNMENT POLICIES AFFECTING WOMEN

Both levels of government in Canada have a responsibility for the policy directions that relate to earnings inequality; at both the federal and provincial levels, public policy for women has been undermined by neo-liberal approaches to government.

Over the years women worked hard to influence public policy so that women’s earnings would begin to reflect the value of their work. Some significant improvements occurred over time, and while women still make considerably less than men, public policy initiatives have been important both for reducing blatant gender discrimination and for creating conditions that have improved a wide range of supports for working women.

Both levels of government in Canada have a responsibility for the policy directions that relate to earnings inequality; at both the federal and provincial levels, public policy for women has been undermined by neo-liberal approaches to government.⁶ The Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) (a UN convention that Canada has signed) noted in its last two reviews of Canada that a large number of policy directions have had a negative impact on gender equality in Canada. Specifically, the reports mention the increase in women’s poverty and economic insecurity that arose after the federal Liberal government’s 1995 budget.⁷ This budget marked a massive shift in direction for social programs in Canada, a shift that accelerated a federal government direction that had begun during the years of the Brian Mulroney Conservative government. It created a situation where more of the burden and less of the funding for social programs went to the provinces. But the CEDAW reports also single out BC for criticism, noting its public policy choices in contributing to women’s poverty.

6 S. Bashevkin, *Regress Trumps Progress: Canadian Women, Feminism and the Harper Government* (Washington: Friedrich Ebert Stiftung Foundation, 2012); Marjorie Griffin Cohen and Jane Pulkingham, eds., *Public Policy for Women: The State, Income Security, and Labour Market Issues* (Toronto: University of Toronto Press, 2009).

7 See, for example, United Nations Committee on Economic, Social and Cultural Rights, 2006, para. 20; UN Committee on the Elimination of Discrimination Against Women, 2008.

At the same time that the federal government undermined provincial social programs throughout Canada, it also undercut national programs. One of the most significant for women was the reduction in employment insurance benefits (EI) and availability. The ability to qualify for EI was dramatically reduced, with women and youth being the primary casualties. This was particularly surprising because the unemployment insurance program was not a program that cost the government money, since it was completely paid for by employers and employees. But, the government confiscated the surplus in the program to pay down the debt, a move that greatly restricted the ability to offer the widespread coverage and scale of benefits that had been available in the past.⁸ As a result, a fairly small proportion of unemployed women in BC (35 per cent) receive benefits from the program, both compared with the Canadian average (38 per cent) and with men in BC (42 per cent).⁹

Significant changes also occurred at the federal level that affected other supports for women. These were the elimination of the word 'equality' from the objective of Status of Women Canada, while at the same time reducing this government organization's already meager budget by almost 40 per cent.¹⁰ This funding reduction resulted in the elimination of federally funded community programs that in the past had helped many women, and especially those at risk. The federal government, under Stephen Harper, has also prohibited civil servants from taking pay equity complaints to the Canadian Human Rights Commission, and weakened public sector anti-discrimination efforts by allowing governments to establish compensation for workers on the basis of 'market demand.' These were changes that affected the relatively small proportion of employed women covered by federal jurisdiction, but they also set the tone for what changes could be made to both downsize government and reduce labour costs in general.

When the Liberal government in BC was elected in 2001 it began concerted efforts to make labour more 'flexible' and responsive to employers' needs.¹¹ It also instituted measures to reduce what it considered to be a high wage economy. The effect on labour was direct and brutal and it often appeared to target women. The changes that occurred in BC public policy toward labour and low-income groups coincided with the increase in income disparity between groups and the disadvantage women in BC experience in earnings.

BC government support for working women has declined substantially since the government began restructuring its labour programs and privatizing public sector jobs early in the 21st century. One of the first and most dramatic blows to employed women was the unprecedented legislation in 2002 (the Health and Social Services Delivery Improvement Act) that simply set aside the contract for hospital support workers in the middle of a three-year contract in order to privatize their work.¹² About 8,000 health care workers who did cleaning, food preparation, laundry, and other hospital work lost their jobs. The vast majority of these workers were women, and while the private multinational companies that took over the work rehired some, the wages initially dropped from

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8 M. and K. Hayes, *Women and the Employment Insurance Program* (Ottawa: Canadian Centre for Policy Alternatives, 2007).

9 Statistics Canada, *The Daily*, April 19, 2012 (Table 2); Statistics Canada CANSIM Table 282-0087.

10 In explaining this move to eliminate 'equality' from the mandate of Status of Women Canada, the Minister responsible at the time, Beverly Oda, stated that it was no longer necessary because "this government does fundamentally believe that women are equal" (*Presentation to the Standing Committee on the Status of Women*, October 5, 2006) www.psc-ac-fpc.com/issues/womenequality/20061206-e.shtml.

11 D. Fahey, "New 'Flexible' Employment Standards Regulation in British Columbia," *Journal of Law and Social Policy* 21 (2006): 91-114.

12 www.bclaws.ca/EP/Libraries/bclaws_new/document/ID/freeside/00_02002_01.

about \$17.50/hour to as little as \$10.00.¹³ The government also removed many bargaining rights of certain groups of workers. Notable were those rights of teachers, most of whom are female: teachers were deemed to be essential service workers and were greatly restricted from bargaining on issues like wages and class size.

More systematic legislative changes affected an even larger group of workers and reduced both employment security and the chance for many to maintain wages above poverty rates. These changes included:

- The minimum wage was kept at \$8 from 2001 to 2011. By 2011 it was the lowest in the country.¹⁴ Women predominate among the low-wage workers either at or near the minimum wage.
- For 10 years the province had a \$6 per hour wage for those in their first 500 hours of work, something that was aimed at teenagers, but also had an effect on immigrant women workers.¹⁵ This was abolished in 2011, although at the same time the government introduced a new minimum wage differential for those serving alcoholic beverages.
- A two-year wage freeze was instituted in 2009 for all public sector workers, the majority of whom are female.
- Members of trade unions were eliminated from the protection of employment standards legislation. This has meant that many trade unions have to bargain for even the most basic worker protections.¹⁶
- Farm workers, many of whom are women from immigrant families, still have no access to regulations regarding hours of work, and overtime and statutory holiday pay.
- The 24-hour notice of a shift change was eliminated, and the minimum work shift of four hours when employees are called in was reduced to two. These changes were particularly hard for women with children.
- Introduction of the ability of employers to enter into an 'averaging agreement' with workers to forego their rights to overtime pay after eight hours per day, or 40 hours per week. This means some can work up to 12 hours a day without overtime pay.
- The reduction in the BC government's capacity to deal with women's issues, including elimination of:
 - The Ministry for Women's Equality
 - The Human Rights Commission, making issues of gender inequality harder to contest, and
 - Funding for women's centres.

By 2011 BC's minimum wage was the lowest in the country; women predominate among the low-wage workers either at or near the minimum wage.

13 M.G. Cohen and M. Cohen, *A Return to Wage Discrimination: Pay Equity Losses in Health Care* (Vancouver: Canadian Centre for Policy Alternatives, 2004).

14 When Christy Clark replaced Gordon Campbell as premier, she announced that the minimum wage would gradually increase to \$10.25 in May 2012.

15 H. Zaman, C. Diocson and R. Scott, *Workplace Rights for Immigrants in BC: the Case of Filipino Workers* (Vancouver: Canadian Centre for Policy Alternatives, 2007).

16 D. Fairey with S. McCallum, *Negotiating without a Floor: Unionized Worker Exclusion from BC Employment Standards* (Vancouver: Canadian Centre for Policy Alternatives, 2007).

The combination of the actions that specifically restricted wages for workers in BC, along with the reduction of employment-related social supports, made it more difficult for women who are working to maintain jobs or find good ones. This, combined with the reduction in the federal government's commitment to women, appears to have had a significant affect on women's earnings in BC. A great many factors combine to create low-wage conditions and among these are the wider economic conditions that relate to the gendered structure of the economy. But also significant are the actions of both the federal and provincial governments. Whether they support women's work directly through employment in the public sector, or indirectly, through social programs and wage floors (such as the minimum wage), policies that ignore women's unequal employment status, or reduce the protections that previously existed can have a seriously negative effect on women's earnings. Women predominate among low-wage workers and policies that keep wages low tend to have a serious effect on their average earnings.

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