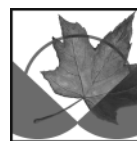


BC SOLUTIONS BUDGET 2006

Budgeting for Women's Equality

FEBRUARY 2006



CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
BC Office

BC SOLUTIONS BUDGET 2006: Budgeting for Women's Equality

February 2006

The Canadian Centre for Policy Alternatives is one of the country's leading public policy research institutes. Every year since 1995, the CCPA has published an *Alternative Federal Budget*. The CCPA opened its British Columbia office in 1997, and now produces an annual *BC Solutions Budget*. These alternative budgets show that a more compassionate, yet realistic, approach to fiscal policy is possible. They demonstrate that good public policy is always about choices.

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Summary

BC Finance Minister Carole Taylor is in the fortunate position of deciding how to allocate billions of dollars in available surpluses over the coming years. Indeed, available surpluses are substantially larger than the government has officially acknowledged. This is good news, because despite a strong economy and low unemployment, not all British Columbians are benefiting from good times and the province has many pressing and unmet needs. Many of those left behind are women, in particular women with children.

In this year's *BC Solutions Budget* we set out a budget for women's equality, rejecting tax cuts and debt reduction in favour of enhancing public services in a manner that improves women's ability to enjoy a healthy standard of living, to make real choices about their personal and family lives, and to participate fully in society.

Women and the Economy

When we look at the total work (paid and unpaid) of a society, women perform, on average, slightly more work than men. But almost two-thirds of the work done by women is not counted at all in conventional economic statistics. Unpaid work, including caring for children and elders, preparation of meals, and cleaning – all of which is vital to our economy and society – is invisible and uncounted, its contribution to our well-being taken for granted in discussions of public policy.

This fundamental inequity spills over into the paid labour market, where women still come away with less, even after adjusting for hours worked, education and experience. Women are less likely to be

in “good jobs,” are more likely to be in part-time, temporary or other precarious employment, and tend to have lower wages than men even when they are working on a full-time, full-year basis. Women are more likely to be poor and represent the majority of people on social assistance.

An important reason for this is that the caring work done by women poses challenges to their ability to participate in the labour market on equal terms. Families with sufficiently high incomes can purchase some or all of these household services (cleaners, cooks, dining out, live-in caregivers, etc.). But, of course, many families cannot do this, and the need for unpaid work does not go away.

Public sector choices can also have effects at the household level. When tax cuts precipitate spending cuts, it is often the case that high-income families receive a windfall that more than enables them to pay privately to replace lost services. But low-income families will lose more in services than they receive in tax cuts, while still needing to deal with additional care work.

Women and the BC Budget

The broad-based cuts to the provincial budget between 2002 and 2004 are a clear demonstration of the relationship between budgets and equality for women. For example:

- Job losses in the public sector were a double blow to women – who make up the majority of public sector workers and who also rely disproportionately on those public services.
- Cuts to income assistance benefits and eligibility affect women disproportionately, in particular single mothers.
- Provincial policies have made it harder for women to get higher education, a well-known path to equality in the labour market.
- Cuts to women’s centres and legal aid undermined important supports needed by women to leave abusive relationships and retain custody of their children.

In the face of large surpluses, the provincial government needs to restore funding in these areas, and focus on creating an overall anti-poverty strategy, increasing access to high quality child care, and ensuring that all British Columbians have equitable access to services.

One area that merits increased attention is the need for advocacy at various levels. Everyone needs an advocate at some point, such as when confronting our complex legal system. We believe that the concept of advocacy should be expanded and extended to people on social assistance, seniors, people navigating the health system, people with disabilities and mental health challenges, recent immigrants, and to workers (particularly immigrant and precarious workers).

Special mention must be made of the unique advocacy role played by women’s centres throughout the province. These centres often serve as a hub for many advocacy functions, particularly in smaller communities where the local women’s centre may be the first and only place a woman can go when needing help to flee abuse, navigate the legal system, maintain custody of a child, fight for social assistance, or confront an unfair employer. These centres urgently require restored and increased public support.

We also recommend new and restored public bodies with a mandate to defend human rights and advocate for equality. We call for the creation of a Women’s Advocate, to be engaged in the collection of data, tracking what is happening in specific communities, setting benchmarks, and issuing reports that hold the government accountable. Women’s interests would also be served by the re-establishment of the BC Human Rights Commission, as well as by a full Ministry of Women’s Equality to speak to these issues at the Cabinet table and throughout the provincial bureaucracy.

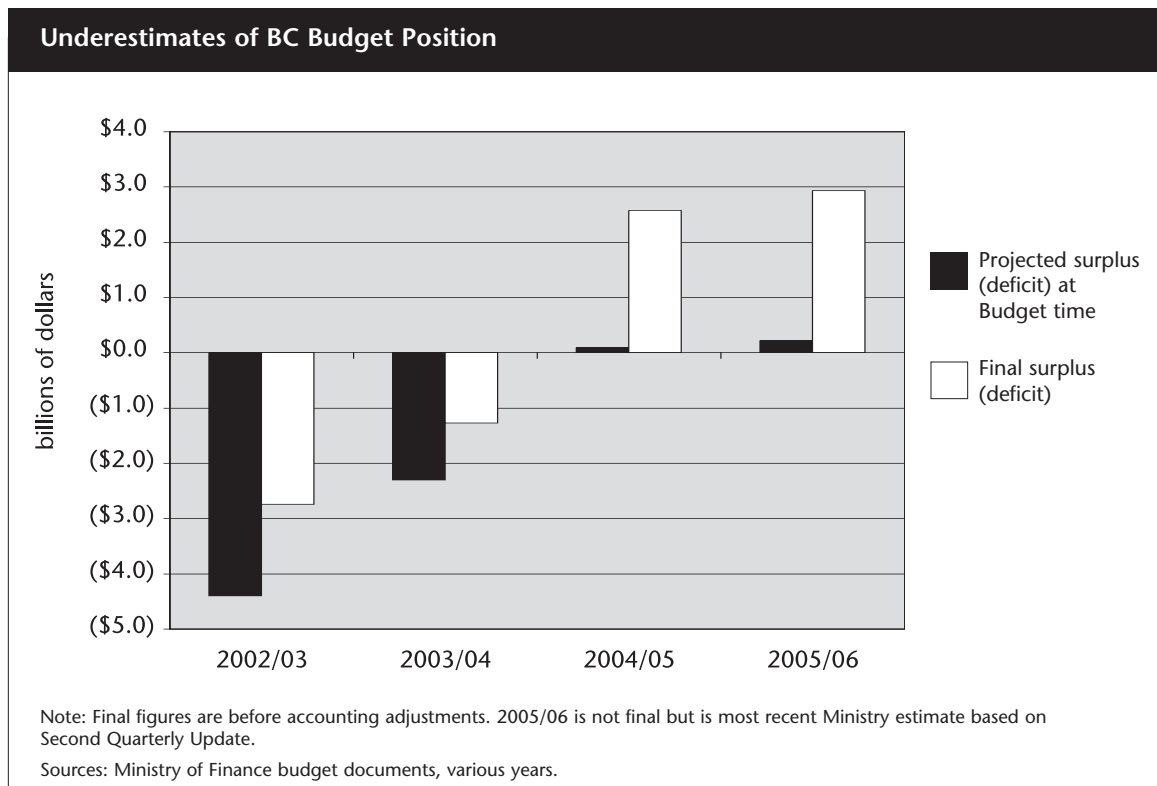
Solutions Budget Framework

For several years running, the BC government has greatly underestimated its available revenues at budget time, resulting in much lower than expected deficits or higher than expected surpluses at year-end. In fact, the past four BC budgets have understated the province's budget position by a combined \$7.9 billion. Low-balling budget estimates not only precludes public debate – leading to a *de facto* policy of debt reduction – it also erodes public confidence in the reliability of government forecasts, as has been the case federally.

Based on Ministry of Finance forecasts of economic growth over the next two years, we estimate surpluses of \$2.8 billion in 2006/07 and \$3.9 billion in 2007/08. We call on the government to reject calls for further tax cuts or debt reduction as the best use of coming surpluses.

Our framework of social reinvestment is designed to meet BC's pressing needs and to avert continued reduction of the public sector. By simply using available surpluses over the coming years, the provincial government could take meaningful steps to make BC a more just and equitable place to live. Spending all available revenues would enable BC to:

- Implement an early learning and child care program for children aged two to five, and a before-and-after-school care program up to age 12. This amounts to \$1.5 billion in new operating funding by 2008/09, and includes pay increases for early childhood educators. We also allocate \$600 million over three years for capital costs to build 135,000 spaces (half full-time and half part-time).
- Provide an additional \$500 million per year increase to K–12 and post-secondary education in BC (an increase of \$1.5 billion above 2005/06 levels by 2008/09).
- Fight poverty by immediately raising income assistance benefits. Total benefits for the poor would rise by a total of 50% by 2008/09. This measure would cost about \$500 million above current levels.



- Address the crisis at the Ministry for Children and Families by increasing the budget 30% by 2008/09. Increased funding for MCFD must include more money for family supports, so that poor and Aboriginal women can see a reduction of the apprehension of their children.
- Reinstate a Child, Youth and Family Advocate and create a new Women's Advocate as independent, arms-length public bodies. In addition, we re-establish the BC Human Rights Commission and a full Ministry of Women's Equality.
- Increase funding for women's centres and other support programs, including legal aid, through a 15% increase in funds for protection of persons and property in 2006/07.
- Fund progressive health care reforms, including wait list reduction strategies and community care services. We increase the health care budget by 15% over three years, plus an additional \$200 million per year in capital spending for new long-term care facilities.
- Create 2,000 new units of social housing per year.
- Provide \$120 million in new annual funding to fight the pine beetle epidemic.

These expenditures are ultimately conservative in that they accept the tax cuts and downsizing of government since 2001. By returning revenues (relative to GDP) to levels in 2000/01 or 2001/02, much more could be achieved, such as a much more substantial reduction in K-12 class sizes, further expansion of early learning and child care, elimination of post-secondary tuition fees, and an acceleration of public transit projects.

This *Solutions Budget* illustrates what we can do if we work together. It is possible to address pressing problems in our society and economy. The size of forecast revenues tells us that funds are available to do so; the real challenge is the political will. These types of changes will enhance opportunities available to women, and will boost participation in the community, while creating a stronger foundation for our children and taking better care of our elders. Moving in this direction, we all benefit – men, women, children, communities, society and the economy.

Introduction: Gendered Budgets

Each year, the CCPA does something a little different with the *BC Solutions Budget* (our annual alternative provincial budget). This year, the *BC Solutions Budget* takes its inspiration from “gendered budget” initiatives that have emerged over the past decade. Many countries, North and South, have taken to looking at their budgets through the lens of gender, recognizing that budgets have different effects on women and men. These initiatives have been done by NGOs and governments, and have been promoted by United Nations bodies.

The spirit of gendered budgets reflects the CCPA’s own experience, starting with the first *Alternative Federal Budget* in 1995, and with our *Solutions Budgets* at the provincial level. In a background paper for the 1998 AFB, Isabella Bakker and Diane Elson outlined the concept of gendered budgets with a brief look at the Canadian context. They began by noting that:

The budget, on the face of it, appears to be a gender-neutral policy instrument. It is set out in terms of financial aggregates – totals and subtotals of expenditure and revenue, and the resulting budget surplus or deficit. As usually presented, there is no particular mention of women, but no particular mention of men, either.

However, this appearance of gender-neutrality is more accurately described as gender-blindness. The way in which the federal government’s budget is usually formulated ignores the different, socially determined roles, responsibilities and capabilities of men and women. These differences are generally

structured in such a way as to leave women in an unequal position in relation to the men in their community, with less economic, social and political power, but greater responsibilities for caring for those who need the care of others.

While Bakker and Elson's paper signalled a new era of gendered budgets, the development of an actual alternative budget through a gendered lens in the Canadian context has been elusive. Until now.

It would, of course, be impossible to right every wrong in one provincial budget. Our objective with this *Solutions Budget* is to outline steps, over the next three years, the provincial government can take toward a more just and equitable British Columbia. Budgets are about the choices we make together as a society. We believe that budgets should play a role in expanding opportunities for women and girls, and that in doing so we all benefit – men, families, communities, society and the economy.

There are many reasons women would want to have a more supportive budget as a counterweight to centuries of historical inertia with regard to an economy, and resulting budgets, designed principally with men in mind. Budgets have a role to play in levelling the playing field for women, politically, economically and socially. Budgets should also be sensitive to the differences among women due to age, citizenship, class, ethnicity and other aspects that traditionally disadvantage people.

When we look at the total work (paid and unpaid) of a society, women perform, on average, about the same amount of work as men.¹ But almost two-thirds of the work done by women is not counted at all in conventional economic statistics. Unpaid work, including caring for children and elders, preparation of meals, and cleaning – all of which is vital to our economy and society – is invisible and uncounted, its contribution to our well-being taken for granted in discussions of public policy. This fundamental inequity spills over into the paid labour market, where women still come away with less, even after adjusting for hours worked, education and experience.

While some things have changed for the better over the past decades in terms of attitudes and opportunities for women, full equality is not yet within grasp. In federal Parliament and provincial legislatures, where budgets are tabled and approved, the relative absence of women is notable: federally, only 64 of 308 seats in the recent 2006 election were won by women (21%); in BC, 18 of 79 seats are held by women (23%). No wonder that issues such as violence against women have all but disappeared off the legislative agenda. Or that child care seems to be a top priority only at election time.

This year, we ask how social and economic policy can better meet the needs of women in BC, in particular women with children. While conservatives still think of women as homemakers in families with one male breadwinner, the reality for women in the 21st century is much different. The prevalence of the single earner family is shrinking, accounting for under 10% of families in BC in 2002. In two-parent families with children, only one in six mothers (18%) did not have paid work (nationally, based on the 2001 Census). This is in part a reflection of the cost of living and what is needed to get by. Women's contributions to household incomes are also a source of stability through times that have a greater degree of risk and uncertainty. In addition, they reflect women's desire to participate actively and equally in all areas of society. Thus, social and economic policy must recognize this reality and provide supports that facilitate women's participation in the labour market, that free up time, and give *real* choices and opportunities.

The challenge is more acute for single-parent families, about 16% of families with children. Of these families, the vast majority – more than four in five – are led by women. This group has the highest rates of poverty for any demographic group, so they are an obvious focal point for action. Education and full-time work greatly reduce low-income rates among lone mothers. But full-time work is not a panacea, especially for the youngest and least educated, as employment earnings are offset by the costs of transportation and other work-related costs, as well as the loss of certain government benefits, and poor women have great difficulty finding and affording reliable and safe child care.

As the CCPA has noted in a number of recent studies (see sidebar on *Resources*), the provincial government's spending cuts over the last four years have disproportionately harmed women (who make up the majority of public sector workers and who are more reliant on public services). The tax cuts, on the other hand, have disproportionately benefited men (who tend to have higher incomes and thus benefited more from upper-income tax cuts). Thus, this *Solutions Budget* focuses on undoing the damage from spending cuts and instead enhancing public services in a manner that improves women's ability to enjoy a healthy standard of living, to make choices about their personal and family lives, and to participate fully in society.

We revisit these issues in the next sections, looking at how provincial policies have affected women's equality and economic security, and suggesting ways in which we can move forward – together.

Social policy for the 21st century needs to take seriously the real lives of women and the challenges they face. It must consider the different experiences of women and men in the labour market and in the household. It must stare poverty in the face, and design strategies to eliminate the disproportionate poverty of particular groups of women, such as single mothers and Aboriginal women. We also need to think about how social policy interacts with women and men over the course of a lifecycle and how good policies can enhance the opportunities and choices available to all of us.

Resources for Further Reading

This *Solutions Budget* draws on a number of research reports from the CCPA over the past few years. Some of the key reports, from a gender equity perspective include:

Women's Employment in BC: Effects of Government Downsizing and Employment Policy Changes 2001–2004, by Sylvia Fuller and Lindsay Stephens.

Legal Aid Denied: Women and the Cuts to Legal Services in BC, by Alison Brewin and Lindsay Stephens.

The Pains of Privatization: How Contracting Out Hurts Health Support Workers, Their Families, and Health Care, by Jane Stinson, Nancy Pollak and Marcy Cohen.

A Return to Wage Discrimination: Pay Equity Losses Through the Privatization of Health Care, by Marjorie Griffin Cohen and Marcy Cohen.

The Case for Pay Equity: Submission to the BC Task Force on Pay Equity, by Sylvia Fuller.

The Road to Equity: Training Women and First Nations on the Vancouver Island Highway – A Model for Large-Scale Construction Projects, by Marjorie Griffin Cohen and Kate Braid.

Gender Budget Initiatives: Why They Matter for Canada, by Isabella Bakker, Technical Paper #1, Alternative Federal Budget 2006.

Making Early Childhood Development a Priority: Lessons from Vancouver, by Clyde Hertzman.

A Bad Time to be Poor: An Analysis of BC's New Welfare Policies, by Seth Klein and Andrea Long.

These documents can be downloaded free from the CCPA website at www.policyalternatives.ca.

We also rely on research work done by women's NGOs including:

British Columbia Moves Backwards on Women's Equality, submission of the BC CEDAW (Convention on the Elimination of All Forms of Discrimination Against Women) Group to the UN Committee on the Elimination of Discrimination Against Women on the occasion of the Committee's Review of Canada's 5th Report, January 2003.

Canada's Commitment to Equality: A Gender Analysis of the Last Ten Federal Budgets (1995–2004), by Armine Yalnizyan for the Canadian Feminist Alliance for International Action (FAFIA).

Women and BC's Economy

Before we consider how budgets can better meet the needs of women and their families, we must take a step back and look at the economy in a broader context. Typically, the economy is framed in terms of employment in the labour market and economic output in terms of Gross Domestic Product (GDP). The GDP accounts sum up the incomes and expenditures from activities in the private and public sectors.

Feminist economists have pressed for an expansion of what we consider to be the economy, to include unpaid household and community care activities. This third domain is interdependent with economic activities in the public and private sectors. To get to a gendered budget we need to carefully think about how these sectors interact with each other. When we are told that we need to make sacrifices in the name of the economy, it is helpful to have a firmer grasp on what we really mean by “economy.”

In this section, we outline the household economy by looking at time and work. We then look to how this spills over onto the paid labour market. Finally, we look at some broader economic factors that shape our budgetary framework.

It's About Time

For several years, researchers at Statistics Canada have measured what Canadians do with their time.² There are three broad categories for our time, averaged across the whole population aged 15 and over. First, we spend over ten hours a day sleeping, eating and doing other personal activities. Second, we spend a bit less than eight hours a day working, including all paid and unpaid work. And third, what is left over, just under six hours a day, is left for leisure and everything else.

Time-use statistics provide an interesting perspective on the relationship between paid and unpaid labour. On average, Canadians spend slightly more time engaged in a variety of unpaid work (24.1 hours per week) than they do in paid employment (21.7 hours per week). Unpaid work accounts for 28% of people's waking hours. Of the total unpaid work, the vast majority (94%) is in the household, with the remainder in volunteer and civic activity outside the household.

The catch is that work done in the home (and any volunteer work as well) is not counted in conventional economic statistics, the GDP accounts.³ But the value of unpaid work is tremendous: equivalent to between one-third and one-half of GDP, depending on the estimation technique used. The lower estimate of one-third of GDP is conservative in that it is estimated based on what it would cost to purchase those services at a typical housekeeper's wage rate.

In terms of total productive time commitments (paid and unpaid), men and women are putting in about the same number of hours. Women actually work about one hour per week more than men (46.4 hours versus 45.2 hours), but only 37% of women's productive time is paid work, and is thus captured in conventional economic statistics. The opposite situation applies for men; almost two-thirds of their time is in the market and one-third is unpaid.

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Viewed over a period of decades, the share of unpaid work done by women has changed very little going back to 1961. But over the same period, the labour force participation of women has doubled. Put these together and the result is major time stress for both sexes and all age groups, with working mothers being the most time-stressed demographic group of all. One consequence of increased pressures on time is a decline in voluntary work, according to work done by GPI Atlantic (an East Coast group developing a Genuine Progress Indicator), who also point out that when paid and unpaid labour are considered together, we are working longer hours on average than we did in 1900.

Families with sufficiently high incomes can purchase some or all of these household services (cleaners, cooks, dining out, live-in caregivers, etc.), in which case they are counted in the GDP accounts.⁴ These families can convert their time spent in unpaid work into time for paid work or leisure. But, of course, many families cannot do this, and the need for unpaid work does not go away.

When public services are cut, there is often an unacknowledged effect at the household level, as caring work still needs to be done by someone. These hidden time costs affect individuals and society in ways not widely recognized – in stress, fatigue, and in the time taken away from other possibilities, including education and civic/community involvement. Alternatively, caring work for children or seniors does not get done relative to the time and attention required. When tax cuts precipitate spending cuts, it is often the case that high-income families receive a windfall that more than enables them to pay privately to replace lost services. But low-income families will lose more in services than they received in tax cuts, while still needing to deal with additional care work.

Women's relatively lower access to the paid labour market also affects equality in the household, and the choices women can make. This is particularly important when women are in violent or abusive relationships. Women without an income (and without the experience and education required to get a good job) are more likely to be stuck in bad situations. For women, leaving a male spouse or partner is a financially risky proposition, especially if a woman has young children. The death of a spouse or divorce can also be a direct link to poverty. Studies of income mobility (or changes in incomes over time) find that women's likelihood of falling into poverty is much greater following certain life events, such as the birth of a child, the death of a spouse, or divorce.

Men and Women in the Labour Market

The issue of unpaid work has profound implications for paid work in the labour market. Women have experienced steadily increasing labour force participation rates over the past fifty years, and have increased their average education levels and unionization rates as well. The two-income household is now much more commonplace, and many women actively pursue “careers” instead of passively taking “jobs” to provide a secondary income to the household.

The caring work done by women poses challenges to their ability to participate in the labour market on equal terms. Women in their childbearing years may be less likely to get a job due to perceptions that they will have children and be away from the job for long periods of time – even if they never plan to have children they are subject to “statistical discrimination.” Women who are not available to work unscheduled or overtime hours because of child care responsibilities are often seen to be not sufficiently ambitious.

As noted above, women carry the bulk of the load in terms of raising children and caring for elders, which means they will be in the paid labour force less than men over the course of a working life. This can negatively affect women’s ability to have a career path, and they may be passed up for jobs and promotion opportunities. Moreover, a woman who stays at home to raise children faces a greater likelihood of poverty in old age, as she will have accumulated less in Canada Pension Plan premiums, an important pillar of income security for seniors. And there is no guarantee that family pension income (or any type of income, for that matter) will be shared equally in the household.

Thus, despite the gains made by women over the past half-century, there are still major inequities in how the labour market treats women. Women are less likely to be in “good jobs,” are more likely to be in part-time, temporary or other precarious employment, and tend to have lower wages than men even when they are working on a full-time, full-year basis. As Sylvia Fuller and Lindsay Stevens noted in a 2004 CCPA report on women’s employment in BC:

No matter how you define earnings (e.g. annual income vs. hourly wages, mean vs. median), a gap between women and men’s wages persists, even among men and women in the same occupations, and with the same educational credentials. In Canada, the average woman earns only 81.6% of what the average man earns. Lower paid jobs and gendered barriers to full labour market participation (such as women’s disproportionate responsibility for unpaid domestic labour) limit many women’s ability to earn enough to raise them above the poverty line, and women are more likely than men to be poor. Overall, 19% of women in Canada earn wages below the Low Income Cut Off (LICO) compared with 16% of men, and women are also more likely than men to be persistently below the LICO.

This relationship between society’s important caring work and the paid labour market has many implications for women’s economic security, present and future. The situation is relatively worse for women who are women of colour, Aboriginal, recent immigrants, or disabled, in terms of higher unemployment, greater incidence of poverty, lower wages and poorer quality jobs.

Trends in the “Official” Economy

Before moving on to a review of how the BC budget affects women, it is worth pausing to review what is happening in BC’s “official” economy at the start of 2006.

On the surface, the economy is booming, with the best job market in a generation. But if we peer beneath the surface, there are some troubling findings: real wage growth has stagnated; the share of total income going to labour (in the form of wages, salaries and commissions) has declined substantially; and productivity, the holy grail of economic policy, has failed to grow at all.

What does this mean? BC is experiencing a strong *cyclical* upturn in the business cycle, driven mainly by low interest rates, strong international demand and high commodity prices. In forestry and energy, global forces are providing a good tailwind to the BC economy. And, like other parts of North America, real estate and residential construction are red hot.

On the surface, the economy is booming, with the best job market in a generation. But if we peer beneath the surface, there are some troubling findings: real wage growth has stagnated; the share of total income going to labour has declined substantially; and productivity has failed to grow at all.

But thus far, there has not been a *structural* improvement in BC’s economic fortunes. Tax cuts and deregulation, both federal and provincial, have not worked their promised magic to boost investment and productivity.

The good news is a job performance not seen in decades. The unemployment rate averaged 5.9% in 2005, and 5.0% for the last quarter of 2005. Total employment as a share of the population (a better indicator) has grown from 59.0% during the 2001 downturn to 61.7% in 2005. About half of the total increase in employment in 2004 and 2005 can be attributed to the residential construction sector.

Economically, a tight labour market should be synonymous with growing wages, due to greater competition among employers for a dwindling supply of workers. But average weekly wages in real terms *declined* 1.6% in 2004, after slight gains in 2002 and 2003. The outlook for 2005 is not much better, with nominal wage gains essentially offset by inflation.

More disturbing is the change in shares of total income going to labour (wages, salaries and commissions) and capital (profits). In just a few years, we have seen a spectacular shift of income from workers to owners. In 2004, total labour income amounted to exactly half (50.0%) of provincial GDP, down from 53.2% in 2000 (this latter figure is slightly below the historical average going back to 1961, the first year covered by the BC economic accounts). In fact, labour’s share in 2004 was the lowest since the early 1960s.

This decline is almost exactly offset by near-record profits. Pre-tax profits in BC jumped a whopping 39% in 2004, building on a 13% gain the year before. As a percentage of GDP, corporate pre-tax profits in BC amounted to 11.1% in 2004. Going back to 1961, profits have exceeded this level only once, in 1979. Back in 2000, profits were 8.1% of GDP, slightly higher than the historical average. Thus, as of 2004, capital now captures 3% more of GDP income, while labour receives 3% less (as compared to 2000).

This shift is a major departure from historical norms. And this is before accounting for the corporate tax cuts in recent years. Federally and provincially, business lobbies have successfully pressed for reductions in corporate income and capital taxes. Moreover, personal income taxes have been reduced for those with the highest incomes (the top marginal tax rate), and in taxes on investment-related gains, such as income from dividends or capital gains. These changes have served to reinforce rising income inequality trends rooted in the labour market.

The stated reason for these tax cuts was to promote a better business climate that would enhance new investment and spur productivity and competitiveness. Business has also pushed for deregulation as a means of reducing costs, with similar arguments about economic benefits.

All of this might not be such a bad thing if businesses were using their swelling profits to re-invest in the BC economy. Yet, according to a productivity database maintained by the Centre for the Study of Living Standards, in 2004 BC generated about \$36 for every hour of work put in, an amount essentially unchanged since 2002 after we take into account inflation, and up only slightly from 2001. Another view is from the provincial statistics agency, BC Stats. By its count, the data show a slight downward trend in productivity over this timeframe.

Looking forward, the economy remains vulnerable on a number of fronts. First, a continued rise in interest rates would negatively affect many people because household debt levels are very high relative to income. BC's personal savings rate has been negative since 1997, and the trend worsened in 2004 to -8% of personal income. One factor is that households are already being squeezed by the impact of high oil and gas prices.

As is the historical case, BC's economy rises and falls with shifts in international demand. The combination of higher interest rates, high oil prices, a cooling housing market and major structural imbalances in the US economy could spell trouble for BC in 2006, especially if they serve to dampen global demand for BC exports. But there is much uncertainty about how these dynamics will play out. Most forecasters expect a continuation of economic growth in line with trends over the past few years.

Overall then, the BC economy is currently strong. Our challenge is to ensure that the gains of economic growth are fairly shared – that women benefit equally with men, and that none are left behind – and that wise investments are made today for the future while windfall resource revenues and profits are high.

Women and the BC Budget

There are a number of ways that budgets impact women differently from men. Policies and budgetary allocations that help those with lower incomes disproportionately help women and their families. There are funding supports for specific programs and services for women, such as women's centres and anti-violence services. Other general programs, such as child care, have a particularly significant impact for women, because they enhance their choices and opportunities. There is also the nature of public sector employment, and programs or legislation to promote equality in employment.

The broad-based cuts to the provincial budget between 2002 and 2004 are a clear demonstration of the relationship between budgets and equality for women. In this section, we review the impacts of provincial budget cuts in a number of areas of importance to women: the loss of jobs in the public sector, the erosion of employment standards, cuts to public services, and cuts to income support programs. This section draws heavily on original analyses by Sylvia Fuller and Lindsay Stephens in *Women's Employment in BC* and Allison Brewin and Lindsay Stephens in *Legal Aid Denied*, both released by the CCPA in 2004.

Public Sector Employment

Due to BC's spending cuts between 2002 and 2004, over 20,000 public sector jobs were either cut or contracted out at much lower wages. Nearly three-quarters of these jobs were held by women. The female-dominated sectors of health support services, education, and the direct public service have been particularly hard hit.

Job losses in the public sector were a double blow to women – the public sector is an important source of secure, equitably paid employment within the broader labour market, and women also rely disproportionately on public services. Overall wages for women in the public sector (in 2002) were higher than in the private sector. Women in the public sector averaged \$23.65 per hour, compared to just \$15.11 per hour for women in the private sector. In other words, female private sector workers' hourly wages were less than two-thirds of their public-sector counterparts.

This is not because the public sector *overpays* workers in general. Rather, it is because the public sector does not *underpay* women. Wages earned by men and women with comparable jobs, experience and education are not statistically different in the public sector. But women in the private sector are systematically paid less than their male counterparts.

Many public sector workers who retained their jobs have faced wage freezes and rollbacks, in several cases through contracts imposed unilaterally by the government. Some of the greatest damage on this front was in the health care sector. At a time when other health care professionals were receiving wage increases, a variety of health support work was contracted out (leading to dramatic pay cuts), while others were forced to accept a 15% wage cut. This has led to greatly reduced morale and it is likely that productivity losses have offset any cost savings to the government.

Education and Training

Education and training are crucial paths to economic well-being. Workers with more education earn higher wages generally, and the gender wage gap between men and women is also smaller among more highly-educated workers. BC women with less than eight years of education earn only 63% of what men at the same educational level earn, whereas women with a Bachelor's degree earn 85% of their male counterparts' income, and for women with graduate degrees earnings rise to 95% of men's.

Recent changes make access to post-secondary education especially problematic for students with fewer financial resources. Non-repayable student grants were eliminated. During the three years that tuition fees were deregulated (as of 2005/06, tuition fee increases are limited to the rate of inflation), fees doubled at BC's colleges and universities. These changes disproportionately impact women because their lower earnings make it harder to pay fees up front and to repay higher loan levels after graduation.

In the past single women with children could remain on income assistance and take out a student loan to cover their tuition fees and books. The provincial government has made full-time students ineligible for income assistance (with the exception of people with disabilities). This reflects a shift in focus to job-readiness training for immediate work placement. By closing the door to more meaningful education and training opportunities, the government has made it considerably harder for vulnerable women, and in particular single women with children, to secure stable, well-paid employment, and to escape and remain out of poverty.

Care Work

Because women perform the majority of unpaid “care work,” such as child care and elder care, provincial government cuts in these areas increase many women’s work burden, which in turn affects their ability to participate in the labour market. Women who undertake unpaid caregiving are more likely than men to change their work patterns (work part-time, change jobs, reduce their hours, turn down career opportunities, etc.) in order to accommodate family responsibilities.

Subsidies to support child care for low-income parents were cut in 2002. Though they were later restored in stages, and even increased last year, much damage was done. The number of low-income children in the regulated child care system dropped, and many centres in low-income neighbourhoods were forced to close. Overall, there are licensed child care spaces to accommodate only 14% of BC children.

Just as women tend to be primarily responsible for child care, so too do they assume a disproportionate burden for the care of other dependent family members, such as the sick, disabled, and elderly. Recent health care restructuring in BC has reduced the availability of hospital and long-term care beds as well as home care services. This has shifted what was paid work in the health care system (performed mainly by women) to unpaid care work by women in the home.

Deregulation of Employment Standards

Changes made to the *Employment Standards Act* in 2002 have reduced legal protections for workers. These minimum standards are especially important for women because they are over-represented in low-paid and precarious jobs. Women make up the majority of minimum- and low-wage workers in BC. They are more likely to hold part-time and temporary jobs and to work in small, difficult-to-unionize private sector workplaces that tend to pay low wages and where minimum employment standards are especially important.

Changes to employment standards include:

- The minimum shift length was reduced from four to two hours;
- A \$6 per hour “training wage” was introduced for the first 500 hours of work (a cap which may be difficult for individual workers to enforce);
- Those who have not worked 15 of the last 30 calendar days before a statutory holiday are no longer entitled to these holidays;
- The introduction of “averaging agreements” allows employers to avoid limits on hours of work in any given day or week without having to pay overtime, provided hours in the overall period average 40 hours per week or less; and
- Pregnancy leave must now be taken in consecutive weeks, making it difficult for women who experience complications early in pregnancy to schedule needed time off.

Farm workers are now excluded altogether from regulations related to hours of work, overtime and statutory holiday pay. In BC, 62% of harvesting labourers are women, and 78% are immigrants. This change is especially disturbing in combination with the deregulation of child labour.

Unionized workers are now excluded from provisions on hours of work, overtime, statutory holidays, vacations and termination of employment. This change makes it harder for unions to negotiate wages and working conditions that go beyond the minimum standards, particularly in low-wage sectors. Since unions generally help to narrow the wage gap, measures that weaken the strength of unions may have a negative effect on the gender pay gap.

Monitoring and enforcement of the regulations that remain has been weakened. Employers are no longer required to post employment standards rules in the workplace, and the time limit for making a complaint has been reduced from two years to six months. Of critical importance, complaints can no longer be made to the Director of Employment Standards, who was previously obligated to investigate. Workers must now use a complicated “self-help kit” that is available only in English. The Director is no longer required to investigate these complaints.

These changes are especially problematic for vulnerable workers, disproportionate numbers of whom are women of colour and recent immigrants, who are likely reluctant to confront their employer for obvious reasons. As a recent CCPA report by David Fairey notes, these changes resulted in the number of employment standards complaints dropping by a staggering 61% between 2000/01 and 2003/04 (the last year for which full-year data was available).

Social Assistance

Changes to income assistance policies in British Columbia have made it increasingly difficult to access welfare benefits as an alternative source of income, and benefit levels have been lowered for some recipients (such as single parents). Women are more likely than men to rely on income assistance, and are therefore more affected by changes in its provision.

The overarching goal has become to place welfare recipients in employment, regardless of whether the job provides decent work at a living wage. Yet achieving economic security through employment is predicated on good wages, job security, and having some control over the conditions of work. Public supports such as child care are essential if women with children are to make a transition from welfare to work.

Because access to work that is secure and well-paid is still problematic for many women, a lessening of “dependence” on the state may in fact be replaced by continued hardship and/or increased economic dependence on family members.

Adequate income support is also vital for many women to feel financially able to leave violent or abusive homes, to ensure women are not compelled to turn to selling sex, and so that women have enough income to care for their children and avoid the apprehension of their children by the state.

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Legal Services

In 2002, the province dramatically cut legal aid coverage in BC. Family law legal aid was substantially reduced and poverty law services were eliminated. The budget for the Legal Services Society (LSS), which provides legal aid services to British Columbians, was slashed by almost 40% over three years.

While these cuts have affected all British Columbians, they have had a disproportionate impact on women. Women’s need for legal services and representation is overwhelmingly in the areas of family or civil law, not criminal law. However, legal aid coverage in BC is now almost entirely for criminal law matters. Prior to the cuts, women received only 38% of LSS services; following the cuts, that dropped to 30%.

Further restrictions have been placed on legal aid eligibility. Family law legal aid is now available only to someone who is fearful for their own safety or that of their children. Legal representation used to be provided for custody and access, maintenance and other family law issues. Using the presence of violence as a threshold for eligibility is wholly inappropriate given the complexities of domestic violence. Only access to adequate, quality legal representation based on need, not violence, will ensure that victims of domestic violence are able to free themselves of violence and abuse.

Without adequate legal representation, women are losing custody of their children and giving up legitimate rights to spousal support.

In addition to family law changes, provincial funding for poverty law (legal aid to low-income people denied income such as welfare or EI) and immigration law was completely eliminated by the cuts. Before the cuts, almost 40,000 British Columbians each year had legal assistance with poverty law matters; during the last year, that number is no longer recorded, though some services are being offered through the pilot LawLine.

The cut to immigration law legal aid has meant that women who have been abused and are without landed status to stay in Canada may be faced with staying in an abusive relationship with their sponsor (partner) or being deported.

BC Budget and Fiscal Framework

This section reviews budget trends going back to 2000/01 and looking forward to 2007/08 based on the government's current three-year fiscal planning framework. We look at changes in revenues, expenditures and the provincial bottom line in dollar terms and as a percentage of GDP.⁵

Table 1 sets out the status quo fiscal situation for BC (i.e. the budget in the absence of any future policy changes). The table draws on official budget numbers: finalized numbers for 2000/01 and 2004/05, with updated estimates for 2005/06 through to 2007/08 drawn from Ministry of Finance quarterly reports. Good economic times are reflected in the state of the BC budget. BC has shifted in two years from the largest deficits in provincial history to the largest surpluses. In 2004/05 BC's surplus was a record \$2.6 billion. For the current year (2005/06), the official budget estimate from the Ministry of Finance's Second Quarterly Update is a surplus of \$2.9 billion (stated as a surplus of \$1.6 billion plus a \$300 million forecast allowance and a \$1 billion provision for early completion of collective bargaining agreements).

Thus, even if all of the \$1 billion for early signing of collective agreements is used up, at the end of the fiscal year the anticipated surplus will be in the \$2 billion range – and given conservative assumptions and contingencies built into the budget framework, perhaps even greater.

The surpluses for the next two years will also likely be much greater than the \$1.2 billion (2006/07) and \$1.3 billion (2007/08) currently forecast in the government's three-year fiscal plan (including the forecast allowances budgeted for these years). Under the government's framework, provincial own-source revenues (not counting contributions from the federal government or Crown corporations) would drop dramatically from 16.8% of GDP in 2005/06 to 15.4% and 15.0% in 2006/07 and 2007/08 respectively.

Table 1: BC Fiscal Framework: Looking Back, Looking Forward

	Actual		Government's three-year plan		
	2000/01	2004/05	2005/06	2006/07	2007/08
Revenues (millions of dollars)					
Taxation					
Personal income tax	5,963	5,050	5,745	5,674	6,008
Corporate income tax	1,054	1,255	1,498	1,223	1,099
Sales tax	3,625	4,156	4,163	4,427	4,649
Fuel tax	715	904	905	947	979
Tobacco tax	460	699	690	690	690
Property tax	1,452	1,661	1,717	1,789	1,859
Property transfer tax	262	604	750	600	550
Other taxation revenue	772	588	561	546	556
Total taxation revenues	14,303	14,917	16,029	15,896	16,390
Natural resources					
Natural gas royalties	1,249	1,439	2,449	1,714	1,764
Columbia River Treaty	632	258	355	285	265
Other energy and minerals	669	612	787	796	731
Forests	1,341	1,363	1,245	1,007	1,008
Other resources	308	301	325	380	384
Total natural resource revenue	4,199	3,973	5,161	4,182	4,152
Other revenue					
Medical Services Plan premiums	894	1,465	1,460	1,437	1,444
Post-secondary fees	440	836	900	935	974
Other health care related fees	411	189	196	173	173
Motor vehicle licenses and permits	339	381	398	410	424
Other fees and licenses	1,068	750	707	700	665
Other ^a	3,320	3,079	3,022	3,044	3,133
Total other revenues	6,472	6,700	6,683	6,699	6,813
Contributions from government enterprises	1,725	2,412	2,219	2,259	2,197
Federal transfers	3,284	5,231	5,648	5,362	5,579
Total revenues	29,983	33,233	35,740	34,398	35,131
Expenditures (millions of dollars)					
Health	9,555	11,633	12,646	13,019	13,264
Education	7,856	9,022	9,531	9,766	9,992
Social services	3,276	2,665	2,845	2,935	2,986
Protection of persons and property	1,313	1,215	1,364	1,267	1,254
Transportation	1,577	1,603	1,531	1,472	1,621
Natural resources and economic development	1,776	1,670	1,585	1,497	1,478
General government	435	505	634	609	590
Debt service	2,050	1,317	1,239	1,325	1,352
Other	590	1,028	1,428	1,308	1,294
Total expenditures	28,428	30,658	32,803	33,198	33,831
Surplus (deficit) before accounting adjustments and forecast allowance	1,555	2,575	2,937	1,200	1,300
Compensation provision			(1,000)		
Accounting adjustments	(52)				
Forecast allowance			(300)	(600)	(900)
Surplus (deficit)	1,503	2,575	1,637	600	400
Notes and sources on page 40.					

This is highly unlikely – in the absence of major fiscal changes, revenues tend to stay at about the same level of GDP over time.

Some of the 2005/06 surplus reflects federal equalization payments to BC and surging resource royalties that may not be repeated in 2006/07 or subsequent years (a new formula for determining equalization payments is being designed by Ottawa, and resource royalties will fluctuate with foreign demand for BC’s resources). To be prudent, we can estimate revenues over the next three budget years by assuming that own-source revenues-to-GDP revert to the 2004/05 level of 16.3% from 16.8% in 2005/06.

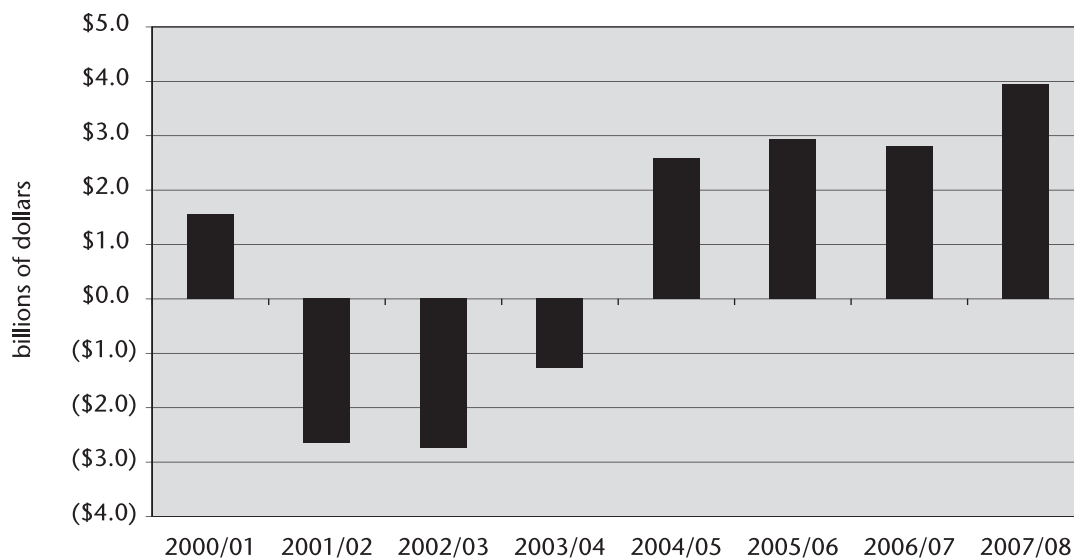
On this basis, government revenues are currently understated by \$1.6 billion in 2006/07 and \$2.6 billion in 2007/08. Combined with the government’s own projected surpluses, this provides substantial fiscal room to make strategic investments in BC’s economy. In other words, the projected surpluses for the next two years are \$2.8 billion in 2006/07 and \$3.9 billion in 2007/08.

At first glance, many may dismiss our estimates as overly optimistic. Yet, over the past four budgets, estimates of deficits and surpluses at budget time have been underestimated (that is, lower than expected deficits and higher than expected surpluses) by a cumulative \$7.9 billion (Figure 2). The starkest differences have been in the past two budgets, which have been understated by \$2.5 billion and \$2.7 billion respectively. In this context, our estimates for the next two years are quite reasonable.

Indeed, BC’s strong budget position in 2004/05 and 2005/06 is a signal that the spending cuts of January 2002 and thereafter, with all the harms to women that they caused, were not necessary. BC has the financial resources to create and maintain a more equal and just society, including making a concerted effort to fight poverty, to allow for decent wage increases in the public sector after a few years of restraint,

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Figure 1: BC Surpluses and Deficits



Note: Figures for 2000/01 and 2001/02 are prior to accounting adjustments. Figure for 2005/06 is prior to government compensation provision of \$1 billion and \$300 million forecast allowance. Projected surpluses for 2006/07 and 2007/08 are based on *Solutions Budget* estimates.

Source: Ministry of Finance; CCPA calculations.

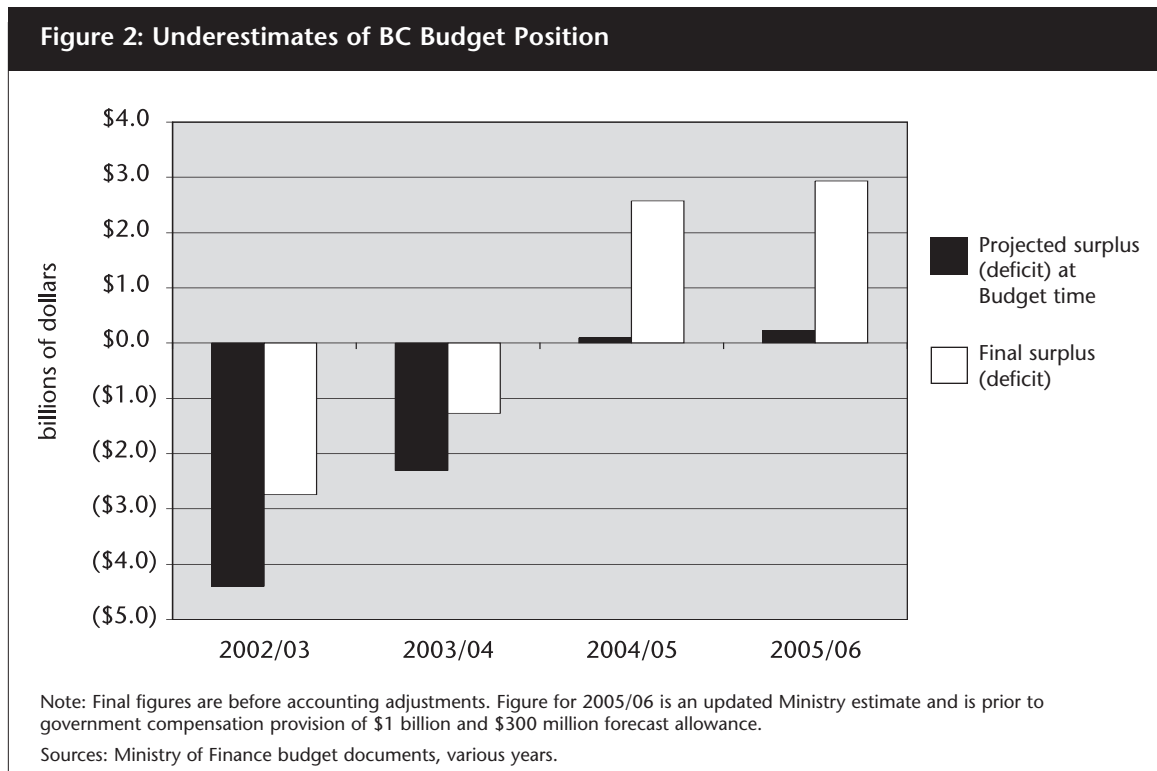
and to invest strategically in education and health care. We provide a number of suggestions for public investment in the next section.

The government should reject calls for further tax cuts or debt reduction as the best use of coming surpluses. Shrinking the public sector on a more permanent basis is not a panacea for the economy, nor does it lead to equality for women. It is worth reflecting on the fact that the most competitive and productive nations in the world are in Scandinavia, and they have been exemplary in reducing poverty and gender inequality, in large part because they have much larger governments than does Canada or BC. They demonstrate quite clearly that a just and compassionate society is compatible with a strong economy. It is all about the choices we decide to make.

BC's corporate and personal income tax rates are currently in line with (or lower than) our major competitors. There is little to be gained for BC in terms of competitive edge on this front. In fact, as a general proposition, these tax cutting games do very little for the economy. There is ample evidence that tax rates are only one factor in determining investment, and are not the most important one. Access to markets, proximity to resources, availability of skilled labour and energy costs are at least as important as tax rates in investment choices.

Nor is debt repayment an urgent priority. At the end of 2004/05, BC's debt-to-GDP ratio was 18.2%, about the same level as in the early 1990s. This is a healthy level of debt that costs the province five cents per dollar of revenues to service (according to the Ministry of Finance's September Update). BC's debt-to-GDP ratio is the lowest among the provinces with the exception of Alberta (a province in a unique fiscal situation due to oil and gas royalties). If all of the 2005/06 anticipated surplus is used for debt reduction, BC's debt-to-GDP ratio will fall to 16.9% (even after accounting for \$1 billion set aside for wage settlements). And if the larger underlying surpluses projected above are added to the Ministry of Finance's projections of debt-to-GDP, the ratio will fall to 15.5% in 2006/07 and 14.3% in 2007/08.

The key question for policymakers, however, concerns relative rates of return. The rate of return on debt repayment is about 4.5 to 5% (the money saved in debt service costs). But public investments elsewhere



may have much higher rates of return. Investments in transportation infrastructure and education (especially early childhood education and child care) are good examples. Successful measures to reduce poverty would also have a high payback.

In the face of large projected surpluses, provincial debt-to-GDP will continue to decline over the next couple of years. In place of debt reduction, we recommend instead that the government aim for a stable debt-to-GDP ratio in order to provide additional fiscal room to support public spending where it is needed.

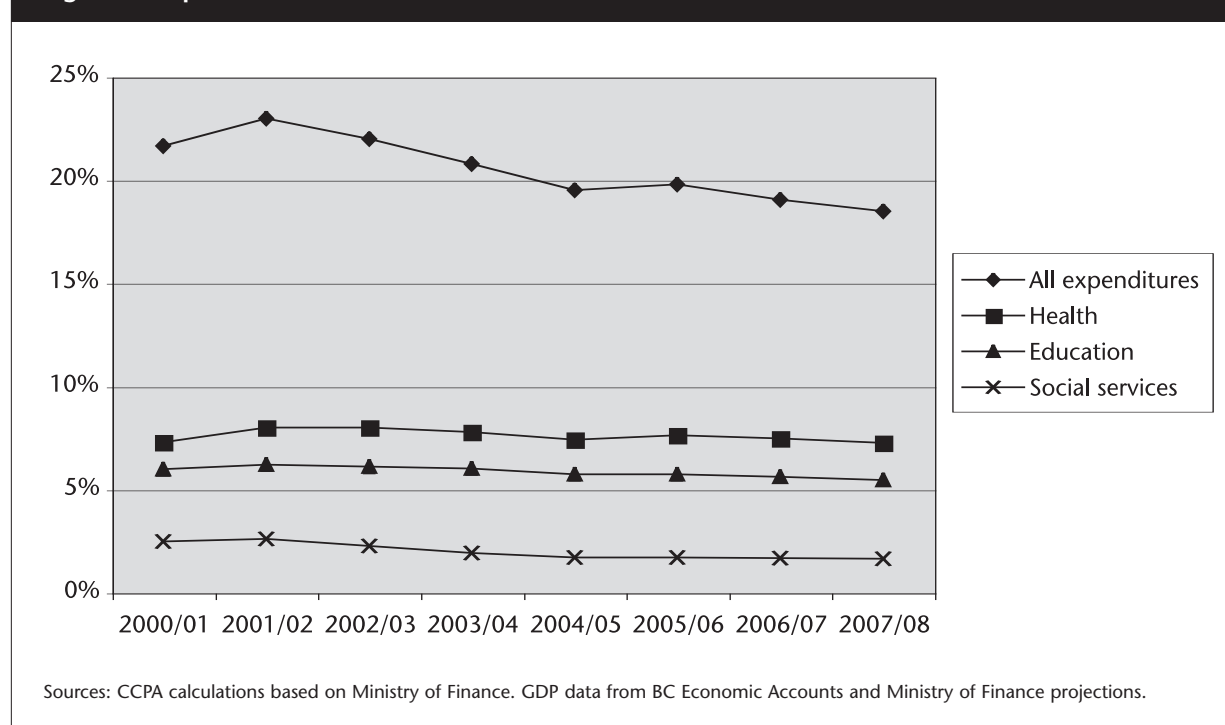
Additional expenditures are also required to avert a continued shrinkage of the public sector. As Figure 3 indicates, provincial program spending relative to GDP has been on a declining trend since 2001/02 (in fact, it has been declining since the early 1990s). Total provincial expenditures fell from 23% of GDP in 2001/02 to 20% in each of 2004/05 and 2005/06, and will continue to fall under status quo projections. Social services has taken the biggest hit, falling by almost a full percentage point of GDP.

Even health care and education are on a slightly downward trend relative to GDP. Health care has fallen from 8.0% of GDP in 2002/03 to 7.6% in 2005/06 and, based on the government's current fiscal plan, will fall to 7.3% in 2007/08. The education budget as a share of GDP has also decreased, from 6.2% in 2001/02 to 5.7% in 2005/06, with a projected drop to 5.5% in 2007/08.

Fortunately, BC is in an excellent position to reinvest in the public sector. In addition to \$1 billion set aside for "early signing bonuses" in public sector bargaining, we recommend that the remaining 2005/06 surplus of \$2 billion be rolled into an endowment to support infrastructure priorities (such as social housing, long-term care facilities, and child care) in coming years, and that projected future surpluses be used to support enhanced public services.

The government should reject calls for further tax cuts or debt reduction as the best use of coming surpluses. Shrinking the public sector on a more permanent basis is not a panacea for the economy, nor does it lead to equality for women.

Figure 3: Expenditures as a Share of GDP



Priorities for Budget 2006 and Beyond

The themes of our annual *Solutions Budgets* have been consistent over the years: developing an anti-poverty strategy; implementing progressive health care reforms; enhancing BC's education system; and, pursuing a made-in-BC economic development strategy.

Although we have not been explicit about it in the past, these areas of focus all work toward the goal of greater gender equality. This year, we look more closely at the gender dimensions of our *Solutions Budget* program. In particular, we aim to enhance the opportunities and choices available to women through the provision of public services, and the recognition of the caring work that is done mostly by women. This includes opportunities through smoother transitions between the labour market and the household, as well as supports for women to be able to leave abusive relationships.

Because women are more likely to be poor than men and represent the majority of people on social assistance, we reiterate the need for an overall anti-poverty strategy, and for specific measures designed to address women's poverty. The social safety net must provide adequate incomes and public services to provide choices and agency for the poorest. An anti-poverty strategy must also ensure that the labour market provides a living wage for those working full-time, decent conditions and wages for part-time and casual workers, and high minimum employment standards and protections for all workers.

Advocacy

One area that merits increased attention is the need for advocacy at numerous levels. Everyone needs an advocate at some point, such as when confronting our complex legal system (indeed, the French word for lawyer is *avocat*). Yet as we have seen, the provincial legal advocacy system is a shell of what it once was. There is a need not just for adequate access to legal advocacy provided by lawyers, but also to advocacy provided by non-profit and community organizations.

Special mention must be made of the unique advocacy role that is played by women's centres throughout the province. These centres often serve as a hub for many advocacy functions, particularly in smaller communities where the local women's centre may be the first and only place a woman can go when needing help to flee abuse, navigate the legal system, maintain custody of a child, fight for social assistance, or confront an unfair employer. These centres urgently require restored and increased public support.

Beyond the level of individual advocacy, there is a need for advocates for various communities and population groups, and for new and restored public bodies with a mandate to defend human rights and advocate for equality. We recommend the government reinstate a Child, Youth and Family Advocate, eliminated in 2002, given the current crisis at the Ministry of Children and Family Development. We also recommend a new Women's Advocate, with similar standing as an arms-length, independent office with a publicly-determined budget. Such a person could be engaged in the collection of data, tracking what is happening in specific communities, setting benchmarks, and issuing reports that hold the government accountable for meeting equality goals and human rights commitments.

Women's interests would also be served by the re-establishment of the BC Human Rights Commission, as well as by a full Ministry of Women's Equality to speak to these issues at the Cabinet table and throughout the provincial bureaucracy.

The concept of advocacy should be expanded and extended to people on social assistance, seniors, people navigating the health system, people with disabilities and mental health challenges, recent immigrants, and to workers (particularly immigrant and precarious workers). These advocates should be funded by the provincial government but be independent of government influence and connected to the communities they serve.

For example, people on social assistance benefit greatly from having someone on their side who understands the system and can represent their interests. Currently, a small but dedicated network of provincial welfare advocates works tirelessly and with almost no government support to help people with welfare problems (such as being unjustly denied assistance). This network should be expanded and supported.

Low-income women and men would also benefit from advocates when navigating college or university bureaucracies (such as when they are upgrading their education credentials), which can be intimidating and complex. And the situation of vulnerable and exploited workers would be improved if the province were to establish worker assistance centres to help workers pursue their employment standards complaints.

We outline below in more detail our *Solutions Budget* priorities in child care, education, health care, women's services, and economic development. The key point, however, is the need to reinvest in the public sector, as it is this sector that raises the bar with respect to women's employment and pay.

Special mention must be made of the unique advocacy role that is played by women's centres throughout the province. The local women's centre may be the first and only place a woman can go when needing help to flee abuse, navigate the legal system, maintain custody of a child, fight for social assistance, or confront an unfair employer.

Early Learning and Child Care

Unlike most European countries, Canada does not have a coherent public system for early learning and child care (ELCC). Canada, and BC in particular, was recently chastised by the Organization for Economic Cooperation and Development (OECD) for its low public support and patchwork arrangements for child care and early learning. Despite growing support for the concept at the federal and provincial levels, from academics, child care advocates and families, progress has been painfully slow. Barriers include perceived costs, but also attitudes about child care that incorrectly see it as “baby-sitting” rather than education.

Research suggests that the establishment of a high-quality, publicly-funded system for pre-schoolers would have immense benefits for their development prospects in key areas such as social interaction with other children, language and cognitive development, physical development, and establishing relationships with adults that are not immediate family. While children from all socioeconomic backgrounds would benefit, such a system would make a huge difference in the lives of children from disadvantaged backgrounds.

A second benefit relates to the well-being of mothers. Whether they count among the relatively few women who are full-time homemakers, or, like most women with children, work in the paid labour force on a full-time or part-time basis, adequate public child care is essential to women. As the primary unpaid caregivers for children, they have a strong interest in the opportunities that are available to support their children’s care and development. Their access to labour market participation is also dependent on the availability of safe, affordable, high quality, stable child care.

An ELCC program would enable more mothers to enter the labour market and could enable those currently working part-time to work full-time (if they choose), and would alleviate the stress that women experience when they are dependent on uncertain, even unsafe, child care arrangements. This would mean higher incomes for women, stronger family resilience to economic shocks, and greater financial independence and social inclusion of women. It also facilitates enhanced promotion and career-development prospects, and increased job experience, over the course of a woman’s career.

The expansion of ELCC in BC was assisted by new federal funding of \$150 million in 2005/06. The new federal Conservative government has said it will cancel that funding in 2007/08 and subsequent years, although funding will be maintained in 2006/07. If the Conservatives get their way, BC will be on its own in expanding ELCC. While that would be unfortunate, it should not be an excuse for inaction at the provincial level.

The federal Conservative government plans a Child Care Allowance, paid to all families with young children, so that they can “choose.” This would essentially mark a return to the old Family Allowance, cancelled by the last Conservative government. While providing income support to families with children is a good thing, the federal government would be better to build on the federal Child Tax Benefit program. Moreover, we call upon the provincial government to not claw back from social assistance income any gains made by families resulting from a new Child Care Allowance.

Ultimately, the Conservative proposal will do little to build the child care system that we need. If you need a bridge, the answer is not to give money to drivers. The provincial government should still aim for a significant increase in spaces, lower fees, and higher wages for early childhood educators. BC needs a coherent publicly-funded system (delivered through not-for-profit organizations that provide accountability to parents), not new incremental funds to the existing patchwork. Quebec moved unilaterally in this direction many years ago and has had great success.

Anti-Poverty Strategy

In spite of decades-low unemployment rates, dire poverty amidst plenty remains as pervasive in BC as ever. In 2005, a count of homeless people in the Lower Mainland by the Social Planning and Research Council of BC found a doubling in the number of homeless (to 2,112) compared to three years before. People living on the street are but the tip of poverty's iceberg. Many more families live in substandard housing, have inadequate food supplies, and cope with the stress of meeting day-to-day living costs.

As pointed out earlier, women tend to have lower incomes and be more vulnerable to poverty than men, and particular groups of women, such as single mothers, have very high rates of poverty. An anti-poverty strategy is therefore key to women's equality. An anti-poverty strategy must be broad-based to cover social assistance rates and eligibility, minimum wages, social housing, child care, training and education, and transportation allowances or bus passes. If these employment supports are in place, there is little reason to believe re-instating earnings exemptions and raising benefit rates would lead to significantly increased welfare caseloads.

The Social Planning and Research Council of BC has calculated what benefits would be needed to meet the minimum costs of living. Their report, *Left Behind: A Comparison of Living Costs and Employment Assistance Rates in British Columbia* by Michael Goldberg and Kari Wolanski, finds that in 2005 BC welfare rates (plus the federal Canada Child Tax Benefit) amounted to only 57% of minimum living costs for a single parent with one child (income support of \$1,069.75 per month compared to minimum living costs of \$1,871.79). For single "employables," welfare covered only 41% of minimum living costs.

Thus, first of all, welfare benefit rates should be increased, and the clawback of the federal Child Tax Benefit from families on social assistance should be ended, to ensure a decent standard of living for all those in need. The National Council of Welfare has determined that the clawback is sex discriminatory, because its impact falls particularly harshly on single mothers.

Earnings exemptions, including flat rate earnings exemptions, are a key linkage to the labour market for those on welfare, and should be restored and increased from previous levels. A better model would see a flat rate exemption of \$200 per month (or higher), with additional earnings clawed back at a rate of 25% until a person's income is deemed sufficiently high (such as above the poverty line).

More employment support programs are needed, and they should be individualized and nurturing, offering one-on-one assistance to people that addresses their personal barriers to employment. The welfare system should no longer be punitive, intrusive and humiliating, but a springboard to help improve the lives of women and men and children, and by extension, the economic and social well-being of the province.

Meaningful, long-term training and education must be offered and supported, so that low-income women and men can access stable, well-paying jobs. This would require rescinding rules that prevent people on social assistance from being post-secondary students. This approach costs more in the short-term and takes longer than the "fastest route to a job" approach now in operation, but it represents the difference between being stuck in the low-wage economy versus finding decent-paying work that is stable and self-sustaining. It also trains people for the higher-skill jobs increasingly needed in a modern economy.

Non-budgetary measures are also needed as part of a holistic approach. As most of the increase in inequality over the past couple of decades has arisen from the labour market, increasing the minimum

Women tend to have lower incomes and be more vulnerable to poverty than men, and particular groups of women, such as single mothers, have very high rates of poverty. An anti-poverty strategy is therefore key to women's equality.

wage would reinforce the above elements by directly improving incomes for those working minimum wage jobs. Someone working full time should not be living in poverty. Stepping up the minimum wage to \$10 an hour, phased in over two years, is realistic, especially given the underlying strength of the current labour market.

A final element of an anti-poverty strategy should specifically target Canada's poorest postal code, Vancouver's Downtown Eastside. The province should increase funding for priority initiatives in a variety of non-law enforcement areas, such as: drug prevention, harm reduction and rehabilitation programs; non-profit employment and training programs; women's shelters; youth shelters; etc. While the serious problems encountered in this area cannot be addressed entirely in one budget, we need to stabilize the situation.

With the Olympics fast approaching, it is imperative to think about what we want the world to see. If the spotlight is on images of a Vancouver filled with poor and homeless women and men, any efforts to promote the city or province will be seriously blighted. Instead, the Olympics should anchor an enhanced public investment strategy that goes beyond the minimum requirements for hosting the games, and that uses the Olympics as a springboard to address the province's pressing needs – a real legacy that could come from the games.

Affordable Housing Stock

The current BC government is no longer supporting the development of new social housing for low-income people, instead using new federal funds to build assisted living units for seniors as part of the health care system (as a substitute for long-term care facilities). In spite of a boom in high-end residential construction, there has been little increase in affordable housing. And rents have been rising, placing more people in insecure housing situations.

Recently, provincial Housing Minister Rich Coleman has been cited in the media as a proponent of rent supplements in place of building new social housing. In previous *Solutions Budgets* we have supported the provision of rent supplements for people in core housing need, noting that they may be more important for low-income people in areas where vacancy rates are already high. However, it is important to note that, like the case of child care, subsidies are not the same as building the required infrastructure.

The provincial government needs to expand the stock of affordable housing, working with municipalities and the federal government where possible. The *Solutions Budget* calls for the creation of 2,000 new units of social housing per year, focusing on areas where vacancy rates are low, and thus the pressures most acute. This amounts to a capital cost of approximately \$200 million per year.

There is good reason to believe that building more affordable housing will save the provincial government money over the medium-term. A study conducted for the former Ministry of Social Development and Economic Security in 2001, *Homelessness – Causes and Effects: The Costs of Homelessness in BC*, found that it costs the public more to provide services, including health care, criminal justice and social services, to the homeless than to those who are housed, *even if one includes the costs of providing social housing*. They conclude that a prevention approach based on supportive housing is more cost efficient for the public purse than living with the costs of homelessness.

Enhancing BC's Education System

Public education is ultimately an investment. More money spent today will have large payoffs in the future in terms of graduates' abilities to enter the labour market and their earnings potential. A CCPA research study by economist Robert Allen in 1999 found that there is a huge societal payoff from education at all levels, with the largest payoffs for completion of high school. Huge amounts of money could be "profitably" spent on education when we take into account both the private return to the individual in higher lifetime income and the public return to the Treasury in the form of higher taxes paid on that income.

It is also clear from the research that women's access to education, and particularly higher education, is directly related to their earning higher incomes and achieving greater economic equality with men. Allen's study found generally higher social rates of return to education for women than for men.

K-12 Education

The state of the K-12 education system was top of mind for British Columbians during the Fall 2005 teachers' strike. Teachers are rightly concerned about school closures, elimination of teaching positions and larger class sizes, and the lack of resources in the classroom to properly accommodate special needs students.

The increase in budgets for school boards of \$150 million in 2005/06 goes some way toward addressing the crisis created in previous years. In addition, the mediated strike settlement added another \$20 million for class size reductions and special needs, \$40 million to harmonize teacher salaries and an unspecified amount to give a raise to substitute teachers. Combined, this will be the largest funding increase for K-12 education in some time, and it brings BC real per-pupil funding back to what the provincial government first inherited in 2001. Nonetheless, given the benefits from education investments, more funding could be provided to reduce class sizes and address special needs students.

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Colleges and Universities

The BC government announced in 2004 an expansion of post-secondary education by 25,000 seats. This is good news, something that advocates for post-secondary education had been seeking. While less than half of these new seats will be created in the next three years, the rest will be brought on-line by 2010. In addition, the government deserves credit for limiting the rise in tuition fees to the rate of inflation as of 2005/06.

However, during the time the tuition freeze was lifted, undergraduate tuition fees doubled relative to 2001/02 levels. The total fees paid by students is nearing \$1 billion per year. While some of this is due to an increase in the number of students, most of it is simply the higher cost of going to school that comes out of the pockets of students and their families. Administrators at the college level are now concerned about declining enrolments in their facilities. While other factors may be at play, such as the strong job market, tuition fee increases are also a likely culprit.

The challenge for the provincial government is to ensure sufficient funding for new seats – and the post-secondary system in general – to avert pressures building up for a new round of tuition fee increases, which would further undermine financial accessibility. Put another way, the government needs to expand the number of students in the system *and* ensure that there is adequate funding for those students.

While women make up about half the students in post-secondary education overall, there are significant gender differences in terms of enrolment by program, with women vastly under-represented in scientific and technical disciplines. Therefore, a second challenge for the government is to increase the representation of women in science and technology.

Apprenticeship and Training Programs

Apprenticeship and training programs represent an important opportunity to reverse entrenched patterns of division in the labour market between male and female workers. The skilled trades have generally been jobs for men, not women. We believe there should be a renewed emphasis on apprenticeship and training programs, and particularly on moving young women into the trades.

A Statistics Canada report at the end of 2004 noted that BC is alone among the provinces in declining apprenticeship enrolment for most trades. In contrast, eight provinces had record-high enrolments. Enrolment declines in BC apprenticeship and training programs included an 8.2% decline in enrolment

for building construction (in spite of the recent boom in such investment), as well as declines in motor vehicles and heavy equipment, and metal fabricating trades. This is clearly an inadequate response to future skills shortages and could greatly increase the cost of skilled labour at a time when BC is preparing for the 2010 Olympic games.

The elimination of the Industry Training and Apprenticeship Commission (ITAC), and its mandate to increase participation in trades by underrepresented groups, has meant the loss of a coordinating body for training and certification of apprenticeships for the skilled trades. This system has been replaced with one that emphasizes “task-based” training, where workers may not achieve a full scope of training, as has been the case in the past. We recommend expanding the number of training opportunities, and re-establishing a structure like ITAC to coordinate training and apprenticeships, with tri-partite participation

(labour, business and government).

Representation of women in skilled trades has been and continues to be extremely limited. The current shortages in skilled tradespeople opens up new possibilities for developing innovative approaches both within a new established ITAC-like structure and beyond. To this end, the provincial government should revisit the Vancouver Island Highway Project as a model for training and apprenticeship. This large construction project was the first time in Canada that a significant effort was made to integrate women and First Nations people into the work of building a commercial highway. The equity initiatives in training and hiring were unique and stunningly successful.

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Health Care

In past *Solutions Budgets* we outlined the main components of a progressive health care reform agenda. A key aspect of reform in the context of the predominant care role played by women (for seniors, the sick and the disabled) is the expansion of integrated community and continuing care services. This includes long-term care facilities, home support and home care services.

Expansion of community and continuing care is also important in the context of making the system more efficient. Without adequate investment in new facilities, long-term care patients will increasingly take up acute care hospital beds, and our emergency rooms, in turn, will remain clogged. Home nursing and home support are also vitally important and should be expanded and brought fully within the public system. Public supports for elder care and for people with disabilities are important for reducing the burden of unpaid caring work done by primarily by women. Not-for-profit provision is also very significant given the evidence that residents suffer worse outcomes in for-profit care.

Other elements of a progressive health care reform package include:

- *Outreach and prevention programs*: Our health care system is based on treating people once they are already sick. We need to shift the culture of the health care system towards prevention, including a more holistic approach that recognizes how factors like poverty affect health (e.g. affordable housing, increased access to education and training opportunities for low-income women).
- *Primary care reform*: Revitalizing this first line of contact between patients and the health care system is crucial, and should include expansion of community health centres that provide 24-hour service through multidisciplinary teams of health professionals. It also means moving away from paying doctors primarily on a fee-for-service basis.
- *Public solutions to reduce wait lists*: As a recent CCPA paper by Michael Rachlis explains, surgical and other health care wait lists could be dramatically shortened by the adoption of two key strategies. First, more specialized short-stay surgical clinics should be established within the public sector to provide the efficiencies on which private clinics have capitalized – but without siphoning millions of public dollars to private owners. Second, we should adopt innovative queue-management techniques. We have only to look at how line-ups have been streamlined at banks to see how better coordination and flow can significantly reduce wait times. For example, rather than surgeons maintaining their own wait lists, patients could be served much more quickly if a single wait list was maintained within a given jurisdiction.
- *Adequate resources for the Provincial Mental Health Plan*: De-institutionalization has left too many mental health patients out in the cold. These patients still need adequate housing, incomes and support, and the ongoing care of mental health practitioners.
- *Funding for drug and addiction support services*: This item includes treatment facilities, outreach and employment programs, and is linked to the need for a comprehensive anti-poverty strategy.

Women's Support Services

As previously mentioned, the *BC Solutions Budget 2006* would restore and increase funding to women's centres, shelters and other services that support women who have been victims of violence. These centres and services, at a relatively small cost to the government, provide essential services to women, and in particular offer supports to women leaving abusive relationships. Moreover, these centres play an important role in the community, and perform a vital advocacy role for women and quality public services. We would also increase funding to women's shelters and women's organizations providing anti-violence counselling and advocacy services.

The *Solutions Budget* would restore funding for family law and poverty law legal aid services. The provincial government has an obligation to develop a legal aid system that reflects the government's constitutional, human rights and international obligations to end women's inequality. We would provide a contribution to the Court Challenges Program of Canada, a non-profit organization that supports equality test case litigation, so that women in the province could have access to exercising their constitutional rights when they have reason to believe that provincial laws violate the equality guarantee of the Charter of Rights and Freedoms. And we would increase funding for immigration settlement services, many of which are particularly important for women who come to Canada as sponsored immigrants.

The province should also develop community and college based women-only bridging programs to assist women in developing the skills and confidence they need to enter mainstream programs in trades, science and technology. A number of very successful bridging programs were at one time funded by the federal government and discontinued when training was devolved to the provinces in the early 1990s.

Responding to the Pine Beetle Crisis

The pine beetle crisis in BC is not a women's issue. However, it would be a major oversight to not speak to an issue that has a huge bearing on BC's regional economies. High rates of timber cutting now and over the next few years are fuelling an employment boom in the Interior. But the danger lies after 2010, with the potential for a major collapse of the economic activity in BC's forests.

A recent CCPA report by Ben Parfitt found that the provincial government has narrowly focused on increasing logging rates to capture income from the beetle-attacked trees before the trees lose their economic value. Comparatively little has been said or done about the need to invest in our forests, where those investments should be focused, and from where the funds to pay for those investments should come.

Substantial increases in reforestation investments must be made now and the provincial government, in particular, should properly shoulder that responsibility – one it has shunned in recent years. The government must also do much more to promote new research and management regimes that help to restore a greater diversity of tree species and tree ages to our Interior forests, because it is with diversity that we are better protected from the kinds of devastating events we are witnessing in our forests today. The report recommends \$120 million per year in new expenditures be allocated to these activities, to be funded by an increase in stumpage paid by the companies currently benefiting from the boom.

Solutions Budget Three-year Plan

Making progress on all of the above fronts will take some time. A good first step would be to allocate the remainder of the 2005/06 surplus as a pre-payment towards capital projects over the next three years. This would amount to an additional \$600 million in capital spending in each of the next three years, spread evenly across three key priority areas (social housing, long-term care and child care). In addition, we recommend that anticipated surpluses be fully used to address the spending priorities outlined in the previous section.

These changes modify the path of provincial (taxpayer-supported) debt relative to GDP. Because of large anticipated surpluses, the government's fiscal plan will see a large drop in debt-to-GDP from 18.2% in 2004/05 to 14.3% in 2007/08. As Figure 4 shows, the *Solutions Budget* plan would slow (but not stop) the decline of debt-to-GDP over the next two budgets. Provincial debt-to-GDP would still fall to 18.1% in 2005/06, to 17.2% in 2006/07 and to 16.4% in 2007/08. Indeed, given this decline, and BC's healthy level of debt-to-GDP, additional capital spending beyond what we suggest above could be supported by simply maintaining the ratio at 18%.

Consistent with provincial government practice, we put forward a three-year plan for revenues and expenditures. As noted in the previous section, the government's current fiscal plan greatly understates available revenues. We project revenues going forward at 16.3% of GDP, i.e. that they will be about the same level of GDP as in 2004/05. We use the Ministry of Finance's projections of nominal GDP growth for our calculations.

Multiplying this by a revenue rate of 16.3% gives us a new projection of own-source revenues (i.e. not including federal transfers and Crown corporation income) as can be seen in Table 2.⁶ To this baseline of own-source revenue growth, we add estimates for Crown corporation and federal transfer revenues to get a total revenue projection. We accept the most recent Ministry projections for each of these amounts for 2006/07, then assume growth of 5% in each of the subsequent two years.

In the broad expenditure categories, we have built in larger budget increases than those contained in the government's current fiscal plan in order to fund the priority areas outlined in the previous section. Part of the increase in expenditures should also cover the impact of pay increases for public sector workers, particularly those workers – mainly women – who have been subject to pay freezes and roll-backs.

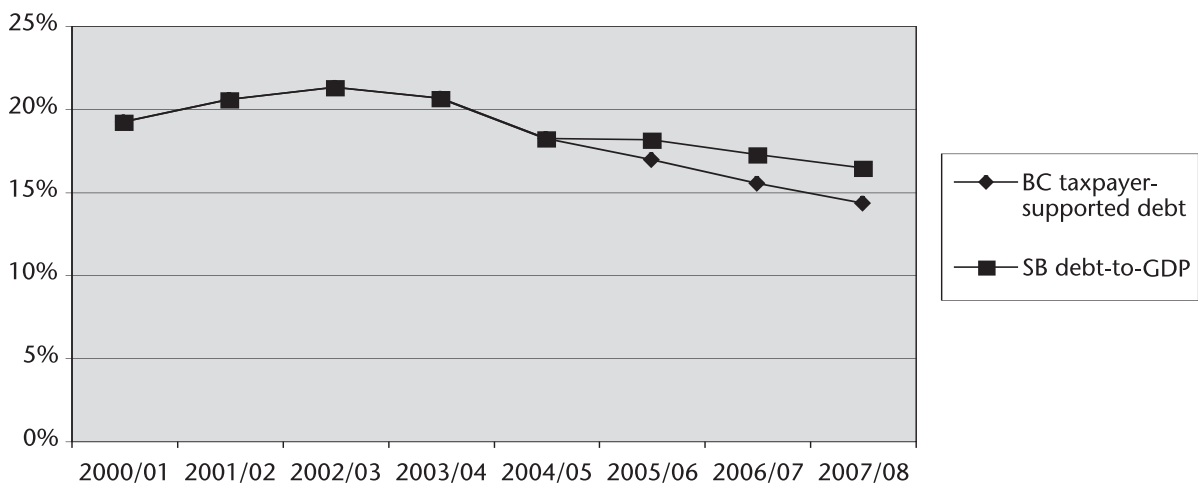
Table 2: Solutions Budget Revenue and Expenditure Framework

<i>(all figures in millions of dollars)</i>	Actual	Revised estimates	Solutions Budget three-year framework		
	2004/05	2005/06	2006/07	2007/08	2008/09
BC nominal GDP	157,241	165,889	174,350	182,893	192,037
BC own-source revenues-to-GDP ratio	16.3%	16.8%	16.3%	16.3%	16.3%
Estimated own-source revenues	25,590	27,873	28,374	29,765	31,253
Contributions from government enterprises	2,412	2,219	2,259	2,372	2,491
Federal transfers	5,231	5,648	5,362	5,630	5,912
Total revenues	33,233	35,740	35,995	37,767	39,656
Expenditures					
Health	11,633	12,646	13,500	14,000	14,500
Education	9,022	9,531	10,961	11,728	12,600
Social services	2,665	2,845	3,272	3,550	3,850
Protection of persons and property	1,215	1,364	1,569	1,647	1,729
Transportation	1,603	1,531	1,670	1,700	1,740
Natural resources and economic development	1,670	1,585	1,800	1,880	1,950
General government	505	634	674	702	716
Debt service	1,317	1,239	1,250	1,260	1,270
Other	1,028	2,428	1,300	1,300	1,300
Compensation Provision	1,000				
Total expenditures	30,658	33,803	35,995	37,767	39,655
<i>Solutions Budget</i> pre-paid capital expenditures		1,800			
Surplus (deficit)	2,575	137	0	0	0
New capital spending					
Residential care facilities			200	200	200
Social housing			200	200	200
Child care			200	200	200
Notes: We project own-source revenues for 2006/07 to 2008/09 as a constant 16.3% of GDP (2004/05 value). We assume 5% per year increases in federal transfers and Crown contributions, after accepting government projections for 2006/07 for each. For nominal GDP growth, we use MOF projections of 5.1% for 2006 and 4.9% for 2007 and 5% thereafter.					
Source: CCPA calculations.					

These broad expenditure enhancements enable us to:

- Implement an early learning and child care program for children aged two to five, and a before-and-after-school care program up to age 12. This amounts to \$1.5 billion in new operating funding by 2008/09, and includes pay increases for early childhood educators. We also allocate \$600 million over three years for capital costs associated with building the infrastructure (approximately 135,000 spaces; half full-time and half part-time).
- Provide an additional \$500 million per year increase to K–12 and post-secondary education in BC (an increase of \$1.5 billion above 2005/06 levels by 2008/09).
- Fight poverty (in particular, women’s poverty) by increasing the budget for income assistance benefits 50% by 2008/09. This measure would cost about \$500 million above current levels.
- Address the crisis at the Ministry for Children and Families by increasing the budget 30% by 2008/09. Increased funding for MCFD must include more money for family supports, so that poor and Aboriginal women can see a reduction of the apprehension of their children.
- Reinstate a Child, Youth and Family Advocate and create a new Women’s Advocate as independent, arms-length public bodies. In addition, we re-establish the BC Human Rights Commission and a full Ministry of Women’s Equality.
- Increase the combined social services budget (income assistance plus children and families) by 15% in 2006/07 and 8.5% in each of 2007/08 and 2008/09.
- Support women by providing funding for women’s centres and other support programs, including legal aid, through a 15% increase in funds for protection of persons and property in 2006/07.
- Fund progressive health care reforms, including wait list reduction strategies and community care services. We increase the health care budget by 15% over three years, plus an additional \$200 million per year in capital spending for new long-term care facilities.
- Create 2,000 new units of social housing per year.
- Provide \$120 million in new annual funding to fight the pine beetle epidemic.

Figure 4: BC Taxpayer-Supported Debt-to-GDP Ratio – Status Quo Versus Solutions Budget



Sources: Ministry of Finance; CCPA calculations.

It is worth reiterating that we are able to make these gains by spending projected surpluses and without any change in tax rates (apart from a modest increase in stumpage rates to finance our pine beetle plan). Spending the surplus would enable us to make meaningful change over a three-year period.

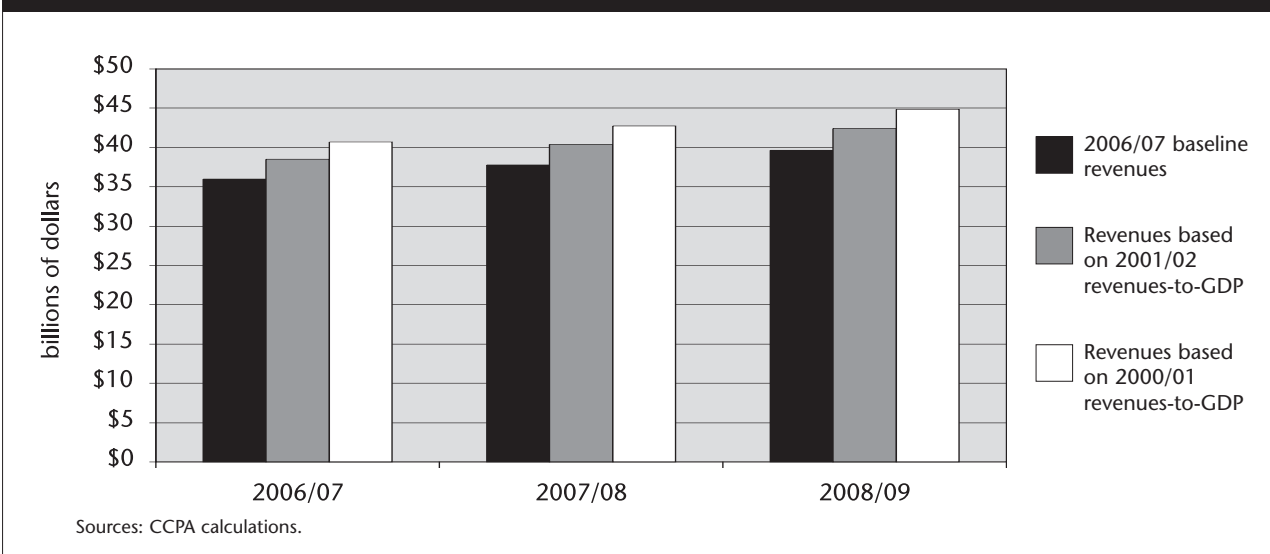
In previous *Solutions Budgets* we have argued that expected surpluses were not sufficient to cover the new expenditures we would like to see. This would still be the case if we were to accept the surplus projections from the Ministry. However, because these projections have been underestimated by such a large margin in recent years, we have adopted the approach of the *Alternative Federal Budget*, which has been very accurate in projections of revenues at the federal level.

More action could still be taken to get us to the world we want. It would still be possible (and indeed desirable) to make some revenue-neutral shifts in the tax system to make the system more progressive. For example, MSP premiums could be reduced or eliminated and income taxes increased to make up for the revenue loss. Or, we could increase the sales tax on luxury items and use the proceeds to expand low-income sales tax credits. We could also increase the pool of revenues available by selected tax increases, such as reversing the 2001/02 upper-income tax cuts (value of about \$370 million annually).

Our *Solutions Budget* scenario remains conservative in that it maintains the current level of revenues to GDP, even though this accepts the tax cuts and smaller government of recent years. By returning revenues-to-GDP to levels of a few years ago, much more could be achieved, such as a much more substantial reduction in K–12 class sizes, further expansion of early learning and child care, elimination of post-secondary tuition fees, and an acceleration of public transit projects. In Figure 5 we contrast our *Solutions Budget* baseline revenues (based on 2004/05 own-source revenues-to-GDP) with what revenues would be if revenue-to-GDP returned to 2001/02 levels (17.7%) and 2000/01 levels (19.0%). These are both within recent historical memory (and for those concerned about “damage” this might do to the economy, it is notable that in 2000 GDP growth was 4.6%, higher than any year since).

Our estimations show that higher revenue-to-GDP would free up substantial resources to take our *Solutions Budget* to an even more meaningful level in terms of fighting poverty and creating a budget for women’s equality. Additional revenues would amount to \$2.5 billion in 2006/07 if estimated at the 2001/02 level, and close to \$5 billion if estimated at the 2000/01 level. While it would be challenging to implement such a magnitude of changes in three years (it is easier to tear down government institutions than to build them up), the size of these numbers is indicative of how much the public sector has been shrunk since 2001.

Figure 5: Estimates of Potential Revenues



Conclusion

This *Solutions Budget* is but a first modest step toward greater equality for women, drawing on insights from various CCPA studies, a major conference on women's economic security held in October 2005 by the Economic Security Project (a joint initiative of the CCPA and Simon Fraser University, funded primarily by the Social Science and Humanities Research Council of Canada), and conversations among CCPA research associates in the Fall of 2005.

We focused on what the provincial government could do through its budget. We recognize that there is a federal role in support of social policy through transfers to the provinces, but leave the focus on federal actions to the CCPA's annual Alternative Federal Budget. Finally, we do not do justice to many important issues that are under shared or federal jurisdiction, such as most aspects of immigration policy and Aboriginal matters.

We have emphasized that the provincial government can use available surpluses over the next three years to create a more level playing field. Over the longer term, there are a number of additional budgetary measures that bear closer examination and research. Tax reform, including an examination of how much is paid in taxes by different income groups, as well as a variety of tax deductions and credits, should be studied in more detail. A more comprehensive overhaul of social assistance is also in order, including more detailed impact studies of alternative forms of income transfers (such as basic or guaranteed income). In collaboration with Simon Fraser University, the CCPA is exploring a number of these ideas under the auspices of the Economic Security Project.

Nonetheless, we hope that this *Solutions Budget* illustrates what we can do if we work together. It is possible to address pressing problems in our society and economy. The size of available revenues tells us that funds are available to do so; the real challenge is the political will.

In this year's *Solutions Budget* we looked at the budget through a gendered lens, and worked to make the budget better reflect the complex interactions between the private sector, the public sector and the household sector. By recognizing the substantial amount of unpaid caring work, predominantly done by women, we increased the budget in ways that are more supportive to women. We also called for substantial enhancements to the social safety net, so that women can make real choices, and feel more able to leave abusive and exploitative home and work situations. We believe that these types of changes will enhance opportunities available to women, and will boost participation in the community, while creating a stronger foundation for our children and taking better care of our elders.

But this is not just about women. By moving in this direction, both women and men benefit. This is an approach that strengthens families, builds democracy and enhances citizenship.

Notes

- ¹ Actually, about one hour more per week of work than men, according to Statistics Canada.
- ² What follows draws on the Statistics Canada publication, *Overview of the Time Use of Canadians in 1998* (the last known year for this data, unfortunately) and an analytical paper by Statistics Canada researcher Malika Hamdad, *Valuing Households' Unpaid Work in Canada, 1992 and 1998: Trends and Sources of Change*, May 2003.
- ³ This is but one of a litany of problems with GDP accounting. Environmentalists have long noted that GDP accounts do not capture the impact of resource depletion, and the impact of pollution is counted only to the extent that money is spent to clean it up. Poverty activists have noted that GDP does not take into consideration the distribution of income. GDP also poorly reflects technological change over long periods of time.
- ⁴ And this work is performed, by and large, by women for relatively low wages.
- ⁵ In spite of the flaws identified earlier, we cannot abandon GDP accounting yet. In budget analysis, we use GDP as a benchmark for changes in expenditures over time. And as budget revenues are themselves related to changes in GDP, it is useful for projecting forward a fiscal plan, as we will soon see.
- ⁶ This is the same methodology used in the *Alternative Federal Budget's* calculations.

Notes and Sources for Table 1

All figures are based on most recent data from Ministry of Finance at the time of writing. 2000/01 is drawn from BC Budget 2004, Tables A7 and A8; 2001/02 to 2004/05 are final year-end figures drawn from Ministry of Finance, September Budget Update – 2005/06 to 2007/08, Tables A7 and A8; 2005/06 figures are updated estimates based on Ministry of Finance, Second Quarterly Report, Tables A2 and A6; 2006/07 and 2007/08 are updated forecasts of Budget three-year fiscal plan, based on September Budget Update.

^a "Other" under "Other revenue" includes investment earnings, sales of goods and services, asset dispositions, reimbursements for health care and other services provided to external agencies, and other recoveries. "Other" under expenditures includes all other expenditures plus government restructuring and contingencies.

Accounting adjustments for 2000/01 and 2001/02 reflect changes due to shift to joint trusteeship of certain public pension plans. One-time compensation provision reflects September Budget Update.



CCPA
CANADIAN CENTRE
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BC Office

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The CCPA works to enrich democratic dialogue and ensure Canadians know there are workable solutions to the issues we face. The Centre offers analysis and policy ideas to the media, general public, social justice and labour organizations, academia and government. It produces studies, policy briefs, books, editorials and commentary, and other publications, including *The Monitor*, a monthly magazine. Most of these resources are available free at www.policyalternatives.ca.

Established in 1997, the CCPA's BC Office offers policy research and commentary on a wide range of provincial issues, such as: BC finances, taxation and spending; poverty and welfare policy; BC's resource economy; privatization and P3s; public education financing; health care; and more.

The CCPA is a registered non-profit charity and depends on the support of its more than 10,000 members across Canada.

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