

**COMPARING WOMEN'S INCOME
IN 2000 AND 2005:
IMPROVEMENTS AND DISAPPOINTMENTS**

2009



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EXECUTIVE SUMMARY

- CASW initially reported on women's income based on the 2001 census. This report provides a comparison with 2001 based on the 2006 census and related data. Income is based on reported income from the years prior to the census (2000 and 2005).
- There are improvements and disappointments over the five-year period.
- One improvement is that women's income on average increased from 2000 to 2005 adjusted for the cost of living.
- The ratio of women's income to that of men, on the other hand, remained relatively stagnant.
- Visible minority women have lower incomes than the majority of Canadian women. Unlike the majority of other women, visible minority women saw no improvement in median income.
- The median income of African Canadian women in 2005 was slightly lower than the median for all women.
- Women in Alberta had the highest median income in 2005, followed by those in Ontario, Manitoba, British Columbia, and Quebec. Women in the Atlantic region had the lowest.
- Women receive less market and government transfer income than men, with two exceptions: Old Age Security and Social Assistance.
- There has been a slight improvement in the ratio of women's earnings relative to those of men, primarily due to a reduction in men's earnings.
- Not surprisingly, a larger percentage of women than men have earnings below \$20,000 whereas the converse is true for earnings above \$45,000.
- The number and percentage of women with low income after tax in 2005 were lower than in 2000. However, the number of low-income women in 2005 was still too high, at 1,772,000.
- Female lone parents, unattached elderly women, and unattached women under 65 continue to have disproportionately low income relative to men in these categories. There is less difference between men and women in families.

- The depth of low income, measured by the gap between the Low Income Cutoff and the average income of those on low income, worsened for families in 2005. It improved for unattached elderly individuals as well as for unattached non-elderly individuals.
- Lone parents, visible minorities, and unattached individuals are more likely to persist in low income over a long period of time than those in families.
- The persistence of low income is marginally higher for women than men.
- CASW proposes a two-pronged policy approach to improve women's income and income inequality. The first is human capital development. Most income, including low income, is obtained through the market. Policies that enhance women's education, employment training, employment experience, and child care options are likely to increase income and reduce high rates of low income.
- The second approach is through improved social transfers. Based on the experience of some European countries, it would seem that strategies that reform pensions with women in mind, integrate tax and program expenditures in a progressive manner, provide flexible income benefits, and address gender inequities in the labour market also foster women's equality.

INTRODUCTION

The Board of the Canadian Association of Social Workers (CASW) decided in 2003 to examine the characteristics of women's income. Many social workers across the country work with poor women and want to see the concerns of women addressed. The initial reports on women's income were based on the 2001 census. This report provides an update of the earlier studies. It is based on findings from the 2006 census and other documents.¹

There are improvements and disappointments in the changes that have taken place from 2000 to 2005. On the positive side, women's income, on average, has risen over the five-year cycle, and fewer women fall below the Low Income Cutoffs of Statistics Canada. On the down side, the ratio of women's income to that of men remains relatively stagnant, and women continue to have disproportionately low income relative to men. In addition, visible minority women are poorer than the majority of women.

TOTAL INCOME LOWER THAN MEN

The total average pre-tax income of women and men (measured in constant dollars) was higher in 2005 than in 2000 – 8% higher for women and 6% for men.² However, women continued in 2005 to have lower total income than men (Table 1). The average income of women before tax in 2005 was 63% of the average for men, \$27,673 for women compared to \$43,684 for men.³

¹ All data are from Statistics Canada, most from two recent publications: *Income in Canada* and *Income Trends in Canada*. For purposes of comparison and to ensure as much consistency as possible, the years 2000 and 2005 are used even though some data are currently available for 2006.

² Constant dollars refer to dollars in 2000 and 2005 adjusted for inflation, based on buying power in 2005.

³ Total income refers to the total money income received from the following sources during calendar years 2000 and 2005 by persons 15 years of age and over:

- wages and salaries (total);
- net farm income;
- net non-farm income from unincorporated business and/or professional practice;
- child benefits;
- Old Age Security and Guaranteed Income Supplement;
- benefits from Canada or Quebec Pension Plan;
- benefits from Employment Insurance;
- other income from government sources;
- dividends, interest on bonds, deposits and savings certificates, and other investment income;
- retirement pensions, superannuation and annuities, including those from RRSPs and RRIFs;
- other money income.

In 2000, women's average income was 62% of men's, or \$25,668 for women compared to \$41,343 for men. Little change has taken place.

Another measure of the gap between men and women is median income, which presents a better picture of women and men in the middle-income range than does average income.⁴ Median income is also used in some countries in Europe and in international studies for calculating poverty.⁵

Table 1			
Average / Median Total Income in Canada by Gender for all Income Groups – 2000 and 2005			
Constant 2005 Dollars			
Income by Gender			
2000	Total	Male	Female
Average	33,389	41,343	25,668
Median	24,809	32,823	19,206
2005	Total	Male	Female
Average	35,498	43,684	27,673
Median	25,615	32,224	20,460

Source: Statistics Canada, catalogue no. 97-563-XCB2006005.

Not surprisingly, given the upward bias of average incomes, the median incomes of both men and women in Canada are more modest than average incomes (Table 1). In terms of the ratio of women's total income to that of men, on the other hand, there is basically no difference from average income. Women's median income in 2005 was \$20,460 compared to \$32,324 for men – again 63%.

VISIBLE MINORITY WOMEN WORSE OFF

Differences among women are apparent. The median income of visible minority women in 2005 (\$16,638) was considerably below that of all Canadian women. Unlike other women, visible minority women saw no improvement (in fact, a marginal decline) in income from 2000 to 2005 (Table 2).

⁴ Averages, of course, can be influenced by high or low values, but, in the case of incomes in Canada, the bias is upward; higher-income groups have the same unit value (for purposes of calculating the average) as lower-income groups, but the higher-income groups have more money.

⁵ Typically, poverty is measured in this fashion by estimating the population below 50% or 60% of median income.

Table 2			
Average / Median Total Income of Visible Minorities			
2000 and 2005			
Constant 2005 Dollars			
All Visible Minorities			
2000	Total	Male	Female
Average	27,351	32,447	22,480
Median	19,751	23,748	16,674
2005	Total	Male	Female
Average	27,750	32,442	23,369
Median	19,115	22,670	16,638
Black			
2000	Total	Male	Female
Average	26,425	29,818	23,474
Median	20,984	23,622	18,840
2005	Total	Male	Female
Average	27,018	29,361	24,976
Median	21,149	22,763	19,976

Source: Statistics Canada catalogue no. 97-563-XCB2006007

The median total income of African Canadian women in 2005 (\$19,976) was closer to the median for all women, but still fell slightly below it.

PROVINCIAL VARIATION

Women's incomes and income differences with men also depend upon where they live (Table 3). Income varies across provinces. Women in Alberta had the highest median income in 2005 (\$21,753), followed by those in Ontario, Manitoba, British Columbia, and Quebec. The only change in order from 2000 is that Alberta has replaced Ontario with the higher median income. Women in the Atlantic region continue to have the lowest median income.

There is a considerable gap between the highest and the lowest provinces. The lowest median women's income in 2005 was found in Newfoundland and Labrador (\$15,823), 72% of the median income in Alberta. The median income of women was consistently below that of men in all provinces in 2000 and 2005.

**Table 3
Median Total Income
for All Income Groups
Canada and Provinces 2000 and 2005
Constant 2005 Dollars**

Total – Age Groups			
Canada/Province 2000	Total	Male	Female
Canada	24,809	32,823	19,206
Newfoundland and Labrador	18,016	24,514	14,122
Prince Edward Island	21,174	25,732	17,360
Nova Scotia	21,016	28,510	16,174
New Brunswick	20,472	27,550	15,904
Quebec	23,176	30,073	18,141
Ontario	27,837	35,411	21,195
Manitoba	22,952	29,476	18,622
Saskatchewan	22,015	28,321	17,914
Alberta	25,827	35,065	19,068
British Columbia	24,781	32,535	19,679
Canada/Province 2005	Total	Male	Female
Canada	25,615	32,724	20,460
Newfoundland and Labrador	19,573	25,929	15,823
Prince Edward Island	22,383	26,627	19,027
Nova Scotia	22,815	29,592	18,053
New Brunswick	22,000	28,019	17,586
Quebec	24,430	30,074	19,928
Ontario	27,258	34,454	21,669
Manitoba	24,194	29,919	20,169
Saskatchewan	23,755	29,589	19,873
Alberta	28,896	38,220	21,753
British Columbia	24,867	31,589	19,997

Source: Statistics Canada, 2008, catalogue no. 97-563-XCB2006005.

DIFFERING SOURCES OF INCOME

One reason for women’s lower income is related to the sources of individual income. Generally men receive more from market income, including wages and salaries, investment, retirement, and other income. For example, women in 2005 received on average \$15,000 less than men in wages and salaries and \$7,500 less in retirement income (Table 4). Men also received more than women from government transfers with two exceptions – Old Age Security and Social Assistance. While overall there was little dollar difference in the amount men and women received from government transfers, there was a significant difference in the proportion of women’s and men’s income from these sources. In 2003, according to Statistics Canada, 17% of women’s income came from government

sources and 9% of men's income came from these sources.⁶

Table 4 Income of Individuals by Source and by Gender 2005		
Sources of Income	Male	Female
Total Income	41,800	26,300
Market Income	41,400	25,100
Wages and salaries	42,400	27,000
Self-employment income	23,200	14,300
Investment income	4,200	3,000
Retirement income	21,000	13,500
Other income	4,700	4,500
Government transfers	5,900	6,000
Old Age Security and GIS/SPA	6,400	6,900
CPP/QPP benefits	6,700	5,400
Child tax benefit	3,000	2,900
Employment insurance benefits	5,500	5,100
Workers' compensation benefits	7,400	6,100
GST/HST credit	300	300
Provincial/territorial tax credits	300	300
Social assistance	6,500	6,700

Source: Statistics Canada, *Income Trends in Canada*, Catalogue no. 13F0022XIE

WOMEN'S EARNINGS STILL LOWER THAN MEN'S

Interestingly, there has been a slight improvement in the ratio of women's median earnings to those of men in the last five years – from 71.7% to 73.6% (Table 5), due largely to a reduction in men's earnings. The ratio of average incomes, on the other hand, remained stagnant, probably due to a larger percentage of men with high income. In dollars, the amount of women's earnings remained well below the level of men's earnings. In 2000, the median for women was \$19,800 compared to \$33,400 for men. By 2005, these medians were \$20,200 and \$32,700 respectively. Even when full-time employment is taken into account, women's earnings remain well below those of men.⁷

⁶ Statistics Canada, *Women in Canada: A Gender-based Statistical Report*, Catalogue no. 89-503-XIE, 2006.

⁷ Statistics Canada, *Women in Canada: A Gender-based Statistical Report*, Catalogue no. 89-503-XIE, 2006.

Table 5			
Earnings and Ratio by Gender			
2000 and 2005			
in Constant Dollars			
Earnings	Women	Men	Ratio
2000			
Average earnings	25,800	41,700	70.6
Median earnings	19,800	33,400	71.7
Average earnings full-time worker	37,700	53,300	-
2005			
Average earnings	26,800	41,900	70.5
Median earnings	20,200	32,700	73.6
Average earnings full-time worker	39,200	55,700	-

Source: Statistics Canada, Catalogue no. 13F0022XIE

One reason for the lower ratio is the distribution of women's earnings (Table 6). As in 2000, 50% of women's earnings were below \$20,000 in 2005 compared to 34 % of men's earnings. By contrast, at the other end of the scale, only 18% of women's earnings were \$45,000 and above, while 36% of men's earnings were in this category. Furthermore, 30% of men's earnings were \$60,000 and over, compared to 9% of women's earnings.

Table 6		
Distribution of Earnings by Gender		
2005		
Earnings	Male	Female
Under \$5,000	13.1	17.2
\$5,000-9,999	8.2	13.0
\$10,000-14,999	7.1	10.0
\$15,000-19,999	6.0	8.9
\$20,000-24,999	5.6	8.0
\$25,000-29,999	5.9	7.4
\$30,000-34,999	6.7	6.9
\$35,000-39,999	6.1	5.8
\$40,000-44,999	5.4	4.7
\$45,000-49,999	4.9	3.8
\$50,000-59,999	8.3	5.4
\$60,000 and over	22.9	8.8

Source: Statistics Canada, *Income in Canada*, Catalogue # 75-202-XWE

LOW-INCOME WOMEN ⁸

Low income is defined in relation to the Low Income Cutoffs (LICOs) published by Statistics Canada. Low income before tax includes market income and government transfers. Low income after tax takes into account the redistributive effect of taxes as well as transfers. Income after tax is what most people associate with disposable income, and we therefore use it as a basis for comparison in the following tables.⁹

The good news is that the numbers and percentages of low-income women in 2005 were lower than in 2000 (Table 7). In 2005, 1,772,000 women (11.2%) had low income or were poor, compared to 2,055,000 (13.6%) in 2000. The number of low-income men declined slightly from 1,686,000 in 2000 to 1,637,000 in 2005. In total, therefore, 3,409,000 Canadians fell below the poverty line in 2005.

⁸ The report also uses Statistics Canada's Low Income Cutoffs (before and after tax) to measure poverty. In recent years, there has been some debate in Canada about the appropriateness of using Low Income Cutoffs to measure poverty. The Government of Canada has never sanctioned them as measures of poverty, and some research institutes, such as the Fraser Institute, consider them to be too generous in that they distort the real rate of poverty.

In general, there are two approaches to measuring poverty. The first is based on a specific quantity and quality of goods and services. The second is based on the proportion of persons and families who fall below a fixed percentage of the average or median income of all households of a similar size and location. The former, called a Market Basket Measure (MBM), has been developed but not used by Human Resources Development Canada. The latter, called a Low Income Cutoff (LICO), has been developed by Statistics Canada. Statistics Canada has also developed a Low Income Measure (LIM), which relates low income to a fixed percentage of median income.

There are two reasons for using the LICO as a poverty measure. First, it has been around for a long time, and data are available that allow for comparison over time. This is not the case for other measures of poverty in Canada, including the recently developed MBM. The second reason is that many non-government organizations, including the Canadian Association of Social Workers, recognize the relativity of poverty. Being poor is not only having a limited amount of income for subsistence, but is also an issue of dignity and equal opportunity.

⁹ In our earlier reports, we used income before and after tax to examine Low Income Cutoffs.

Table 7 Numbers and Percentages of Persons with Low Income After Tax 2000-2005				
Persons/Year	2000	2000	2005	2005
	Number (thousands)	Per cent	Number (thousands)	Per cent
All persons	3741	12.5	3409	10.8
Under 18 years of age	955	13.8	788	11.7
18 to 64	2511	12.9	2379	11.4
65 and over	275	7.6	242	6.1
Males	1686	11.4	1637	10.5
Under 18 years of age	469	13.4	426	12.2
18 to 64	1144	11.8	1153	11.1
65 and over	73	4.6	58	3.2
Females	2055	13.6	1772	11.2
Under 18 years of age	485	14.2	361	11.1
18 to 64	1367	14.1	1227	11.8
65 and over	202	10.0	184	8.4

Source: Statistics Canada, *Income in Canada*, Catalogue no. 14F0022XIE

Family status continues to have a profound effect on women's low income (Table 8). In 2005, 7.9% of women in families and 32% of unattached women under 65 had low income. In both cases, there has been a decline in the rate since 2000. Among female lone-parent families, there was a decline from 40.1% in 2000 to 33.4% in 2005. In all categories, however, the rate was higher for women than for men, sometimes considerably higher.

Table 8		
Percentage of Persons with Low Income After Tax		
2000 and 2005		
Family Status	2000	2005
Persons in Economic families	9.3	7.5
Males	8.4	7.1
Females	10.0	7.9
Elderly persons	2.1	1.2
Persons in families under 18 years of age	13.8	11.7
In two-parent families	9.5	7.8
In female lone-parent families	40.1	33.4
All other economic families	12.8	11.8
Persons in families 18 to 64 years of age	8.4	6.9
Males	7.4	6.0
Females	9.5	7.7
Unattached Individuals	32.9	30.4
Males	30.0	29.8
Females	35.6	32.0
Unattached Elderly Persons	20.6	18.4
Males	17.6	13.4
Females	21.6	20.3
Unattached Persons under 65 year of age	37.3	34.3
Males	32.1	32.3
Females	44.3	37.1

Source: Statistics Canada, *Income in Canada*, Catalogue no. 75-202-XIE

When family heads, as distinct from persons in families, are considered, the same pattern holds (Table 9). The percentage of poor families headed by females is considerably higher than for families headed by men. Although the percentages of low-income male and female heads of families declined from 2000 to 2005, female heads were two to six times more likely to be poor.

DEPTH OF LOW INCOME

While the above tables provide information on the incidence or prevalence of low income in percentage and numeric terms, they do not indicate the depth of it – how much a family falls below the Low Income Cutoff of Statistics Canada. To show the depth, we look at the difference between the average income of low-income families and unattached individuals in different categories.

Table 9		
Low-Income Families by Gender of Head		
After Tax 2000 and 2005		
Gender of Head/Major Income Earner	2000	2005
Male, total	10.2	11.0
Male under 65 years of age	12.0	12.3
Male 65 years and over	5.5	3.8
Female, total	26.3	22.0
Female under 65 years of age	28.5	23.5
Female 65 years and over	18.6	18.2

Source: Statistics Canada, *Income in Canada*, Catalogue no. 75-202-XIE

In 2005, among families and unattached individuals, the depth of low income was \$8,000 – the gap between the Low Income Cutoff and the average income for those families (Table 10). For female lone-parent families and non-elderly females, the gap was \$6,800. For elderly unattached females, it was \$2,200. The lower figure for elderly unattached women reflects the availability of universal old age security and a guaranteed income supplement.

Table 10		
Average Income Gap		
Low-Income Families and Unattached Individuals		
2000 and 2005		
Families and Unattached Individuals	2000	2005
Economic families, two persons or more	7,800	8,000
Two-parent families with children	8,700	9,300
Lone-parent families	6,500	7,000
Male lone-parent families	6,300	8,700
Female lone-parent families	6,500	6,800
Unattached individuals	6,400	6,300
Elderly male	3,400	2,900
Elderly female	2,500	2,200
Non-elderly male	7,000	7,200
Non-elderly female	7,300	6,800

Source: Statistics Canada, *Income in Canada*, Catalogue no. 75-202-XIE

PERSISTENCE OF LOW INCOME

The 2000 and 2005 data provide an up-to-date cross-sectional assessment of women's income. They do not indicate the persistence of low income. Recent studies confirm that lone parents, visible minorities, and unattached individuals are far more likely to have a low income over a longer period of time than individuals in families.¹⁰ Unattached individuals found to be at greatest risk were the unemployed, those who had left high school, and those reporting limitations to work. Older unattached women are likely to be poor, simply because they live longer.

A study comparing low income in Canada with that in three other countries (Germany, Great Britain, and the United States) found that there was a greater persistence of low income in North America than in Europe, even though the incidence of low income was sometimes higher in Europe.¹¹ Despite a higher incidence in Great Britain, for example, being on low income is a more transitory situation. The author claims that some of the difference between North America and Europe is due to different social policies (Europeans having more extensive financial assistance and employment support).

Most of the studies also suggest that the persistence of low income is higher for women than men. Some findings of a Status of Women study include the following: (i) the rate of women who started as part of a couple and ended as lone parents was ten times higher than women who remained part of a couple; (ii) significant changes in and out of low income were more related to changes in market income or the presence of a second earner than to government transfers; and (iii) reliance on income transfers such as social assistance and employment insurance did not afford women sufficient protection to keep them out of low income.¹²

Other factors in the persistence of low income among women are low wages and unpaid work. Women form the bulk of part-time workers and workers on minimum income. There is a direct relationship between women's unpaid work in the family and underpaying in the work force. In spite of an improvement in the

¹⁰ Yan Feng, Sangita Dubey and Bradley Brooks, *Persistence of Low Income among Non-elderly Unattached Individuals*, Statistics Canada, Research Paper, 2007; René Morissette and Xuelin Zhang, *Experiencing Low Income for Several Years*, Statistics Canada, Perspectives, Summer 2001.

¹¹ Rob Valletta, *The Ins and Outs of Poverty in Advanced Economies: Poverty Dynamics in Canada, Germany, Great Britain and the United States*, Statistics Canada, Research Paper, 2005.

¹² Clarence Lochhead and Katherine Scott, *The Dynamics of Women's Poverty in Canada*, Status of Women Canada, 2000.

amount of unpaid work done in the home by men, women perform the largest proportion of unpaid work.¹³ Also, women are the primary caregivers to aging parents, thereby increasing their absence from the paid labour force.

Within the work force, the majority of women are concentrated in female-dominated sectors such as health, teaching, sales, and services, which pay less than sectors in which men are concentrated. In most employment sectors, women are under-represented in higher paying jobs – perhaps due to a “glass ceiling”. Even in the professions, women more often than men leave their careers behind to take care of children or the elderly. In addition, some women’s income is depressed by the lack of enforcement of child support payments following divorce.

In general, the causes of women’s income inequality can be summarized in six different ways: unpaid labour, single parenthood, unequal distribution of resources, lack of access to education and training, job segregation, and longevity.¹⁴

CONCLUDING REMARKS

It is difficult to talk about a trend when comparing changes over five years. Nevertheless, it is encouraging to see that women’s income increased from 2000 to 2005 (as measured by average and median income) and that the rate of low income declined. Unfortunately, the same cannot be said about the ratio of women’s total income to that of men. While there was a marginal improvement in the earnings ratio (one component of total income), it was associated with a decline in men’s earnings.

Also, in relation to low income, women are disproportionately poor relative to men, and certain groups of women (lone parents, visible minorities, and unattached women) have very high rates of low income. In addition, the income gap, except for the elderly, remains extraordinarily large. In these areas, there has not been much change between 2000 and 2005. In order to reduce the gap and address the low ratio of women’s income to men, CASW recommends that a two-pronged approach to policy change is necessary.

First, as we noted in our 2004 report, is the need to recognize that the best way to reduce income inequality and low income is through the development of human capital. Most income, including low income, is obtained through the market.

¹³ Statistics Canada, “General Social Survey: Paid and Unpaid Work”, *The Daily*, July 19, 2006.

¹⁴ UN Platform for Action Committee, Manitoba, *Women’s Economic Inequality*, 2009, www.unpac.ca

Therefore, policies that enhance women's education, employment training, employment experience (including experience in sectors traditionally dominated by men), and child care options are likely to increase their income and reduce high rates of low income. Some western European countries have had greater success than Canada in reducing the prevalence and persistence of women's income inequality due, in some measure, to more comprehensive policies. By contrast, Canada has restrained access to employment supports, training allowances, child care, transportation, and other employment related costs.

The second approach is through more generous social transfers. Canada has used Old Age Security, the Guaranteed Income Supplement, and tax-induced saving plans to lower the rate of low income or poverty among seniors, including senior women. We have also managed to restrain an increase in child poverty (although we have a long way to go to eliminate it) through a child tax benefit. Based again on the European experience, it would seem that anti-poverty strategies that reform pensions with women in mind, integrate tax and program expenditures in a progressive manner, provide flexible income benefits, and address gender inequities in the labour market can foster women's equality.¹⁵

Where there is a political will, there is a way.

¹⁵ See a report by the Prince Edward Island Council on the Status of Women on a wider range of initiatives that are necessary to overcome women's familial, health, judicial, economic, and social inequalities, *PEI Equality Report Card*, 2009.

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