

Record employment rate for women shows Trudeau's subsidized daycare plan is working ^[1]

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Source: Saltwire

Format: Article

Publication Date: 5 Dec 2022

AVAILABILITY

Access online ^[2]

Almost 82 per cent of women in their prime working years had jobs in November, the most on record, suggesting the combination of a tight labour market and Prime Minister Justin Trudeau 's subsidized daycare plan have combined to close longstanding gender gaps .

For women aged 25 to 54, defined by economists as the "core" working demographic, the employment rate reached 81.6 per cent last month, the highest since collection of these data began in 1976. November's number beat the record set in May of 81.4 per cent, Statistics Canada reported on Dec. 2.

The country's labour market is drum-tight, with the unemployment rate dropping to 5.1 per cent, while job vacancies numbered close to one million in September. In other words, the jobless rate sits within conventional definitions of full employment, meaning there's enough jobs for anyone who wants one, yet employers' demand for workers has shown little sign of letting up.

When the labour market is tight, companies can either invest in automation or hire applicants that might not have made the cut in a more balanced hiring market, said Charles St-Arnaud, chief economist at Alberta Central. Women likely benefitted from employers scrambling to hire, as desperate managers were forced to consider applicants with relatively less experience, or who needed flexible schedules. Both conditions often apply to women, who tend to shoulder most of the parenting responsibilities, and therefore tend to put their careers on hold to take care of their families.

But government policy has played a role in getting women back in the workforce, too, especially when it comes to child care , St-Arnaud said. "Women feel more confident going back into the workforce because they won't be spending their whole paycheck on child care," he said.

Part of the motivation for Ottawa's overhaul of the national child care system last year was to boost employment rates. In the 2021 budget, the Finance Department observed that Quebec's subsidized daycare initiative from two decades allowed more women to join the labour force, partially offsetting the effects of an aging population. Finance Minister Chrystia Freeland signed up all provincial and territorial governments with a pledge to cut daycare fees in half by the end of this year and ultimately bring down fees to an average of \$10 a day within five years.

Most provinces and territories have been able to reduce high daycare costs for families who already have children in child care programs. Families in Newfoundland and Labrador, for example, were paying an average of \$36 per day for daycare prior to the initiative but now pay an average of \$15 a day. That appears to have helped, as the province's employment rate for core aged women hit a record high in October of 79.7 per cent, before dropping 0.1 percentage points last month, according to Statistics Canada data .

Prior to the child care initiative, parents in downtown Toronto paid about \$1,800 a month in fees, said Martha Friendly, a policy researcher and board member of Child Care Now, an advocacy group.

"Some women had to stay home because either they couldn't find a (child care) space or they couldn't afford it," Friendly said. "Now, people are getting child care at 50 per cent reduced fees on average and that means (they) can go back to work."

In May, women aged 25 to 54 in Ontario experienced the highest level of employment on record at 80.1 per cent. It's dropped since, but sat at 79.5 per cent in November.

Friendly said the next challenge for the federal government is ensure supply of daycare spots keeps up with the increased demand stoked by the new policy. Child Care Now sent an open letter to governments last week, calling on leaders to address a shortage of childcare workers by boosting salaries and improving work conditions, and to accelerate the creation of new spaces by adopting a not-for-profit model, rather than seeking private bids.

Another policy that's helped women achieve record employment is Ottawa's efforts to court more immigrants to settle in the country, adding to the pool of available workers, said Brendon Bernard, senior economist at Indeed, the hiring site owned by Recruit Holdings Co. Ltd. The "strong level of labour demand" means newly arrived men and women have an easier finding work, even though they have "less experience in the Canadian labour market," Bernard said.

The Bank of Canada has said it is monitoring the strength of the labour market as it balances bringing down high inflation to normal levels while avoiding raising interest rates to an economically detrimental level. Growth in gross domestic product in the third quarter slowed to 2.9 per cent , a sign that rate hikes are working but not as the central bank expected, as it forecast 1.5 per cent growth in the most recent quarter.

That implies there could be further pain as the economy gears down, but women, who tend to work in roles sheltered from the cyclicity of the economy such as healthcare and education, could weather the downturn better and hold on to some of their labour market gains, St-Arnaud said.

Region: Canada ^[3]

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