CANADIAN WOMEN'S CHAMBER OF COMMERCE

ADVOCACY AGENDA

2019-2020

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ABOUT THE CANADIAN WOMEN'S CHAMBER OF COMMERCE

The Canadian Women's Chamber of Commerce (CanWCC) is a nationally incorporated, not-for-profit organization, dedicated to advocacy, advancement, and connection for and on behalf of its members. CanWCC's membership consists of women entrepreneurs and owners of businesses that are at least 50% woman(en)-owned and led. Membership fees are scaled to annual business revenue, ensuring affordable access. CanWCC believes that gender expression and identity is a fundamental right. We welcome all women and non-binary individuals to join. CanWCC is committed to representing the diverse voices of women entrepreneurs in Canada.

CanWCC ADVOCACY AGENDA

Introduction

PURPOSE

The Canadian Women's Chamber of Commerce (CanWCC) is dedicated to advocacy on behalf of its members. The Advocacy Agenda identifies key issues that significantly impact women-identified entrepreneurs and business owners in Canada. and recommends specific policies or actions. CanWCC developed the Agenda through a process of consultation with our members, partners, and Board of Directors.

ISSUES & RECOMMENDATIONS

ACCESS TO CAPITAL

1. Lenders should eliminate any fees required to submit a business loan application, especially for underserved applicants.
2. Lending institutions should Increase transparency and provide guidance to borrowers by publishing minimum eligibility metrics for loans (e.g. borrower's credit score, financial ratios) and typical interest rates by industry. This information is not meant to provide a guarantee that a loan will be granted per se, but will allow potential borrowers to assess whether their business would be viewed favourably by a lender and to forecast their ability to make future loan payments at a typical interest rate for their industry.
3. Lending institutions should publish the eligibility criteria regarding ownership and management when using the term "woman" in relation to any fund, investment, or loan product.
4. Lenders and funding agencies (including the Government) should re-evaluate the definition of "technology" and "innovation" to include a broader range of projects and firms. Adoption of technology should be recognized as a critical part of the innovation life cycle.
5. The Government should establish a program, similar to the Home Buyers' Plan (HBP), where individuals can withdraw money from their RRSP (and their spouse or common-law partner's RRSP) to start or grow a business without

losing the value of their contributions or contribution room to date (providing repayments are made on time).

ACCESS TO CORPORATE & GOVERNMENT SUPPLY CHAINS

1. The Federal Government should enact legislation to require a diverse supplier procurement policy where at least 15% of total public sector procurement spend is allocated to minority suppliers, either directly or indirectly (through subcontracting). This can be implemented over three years, starting with 10%, and increasing the target by 2.5% a year for the next two years. By including the subcontracting option, private sector firms will be exposed to the benefits of supplier diversity, and will have the opportunity to build relationships with minority suppliers.
2. The cost of due diligence should not be borne by an underutilized supplier and legitimate suppliers should not be penalized because the potential for fraud exists. If third-party certification remains a requirement by corporations (and government), a 100% refundable tax-credit should be implemented for annual certification fees to allow businesses to recoup the full amount when filing their tax return.
3. Certified women-owned businesses should take advantage of the certification organizations' directories and networking opportunities to connect with and do business with each other.
4. Certified businesses should identify similar and ancillary businesses with which they can partner to fulfill larger contracts.
5. Corporations with supplier diversity programs should implement diverse supplier development programs in their industry to build capacity within their industry's supply chain. They are well positioned to train suppliers on procurement issues and trends in their industry.
6. Certification organizations are encouraged to expand woman-owned certification to trans-women and non-binary individuals.

PAY EQUITY

1. All provinces should enact comprehensive pay equity legislation.

2. The Federal Government should conduct a GBA+ review of retirement and income protection policies and saving options. This review is long overdue and will support the evolving needs of Canada's diverse workforce.
3. The Federal Government should create a task force to evaluate employment insurance (EI) benefits, EI special benefits, and the impact of these programs on women, including women business owners.

AFFORDABLE CHILDCARE

1. All provinces should enact universal, affordable, publicly funded childcare legislation.
2. Childcare and early childcare education workers should be paid a fair wage, commensurate with their training and responsibilities.
3. Municipalities should direct urban planning departments to utilize existing data analysis to properly incentivize the development of childcare businesses in "childcare deserts" to ensure appropriate availability of care.

WHAT'S NEXT?

We welcome constructive feedback, recommendations, and corrections from all genders and stakeholders. Please contact us at advocacy@canwcc.ca.

BECOME PART OF THE CanWCC Community

If you are an eligible woman-identified business owner, you can support CanWCC by becoming a member. If your business doesn't meet the eligibility requirements, you can join CanWCC as an Allied Business member. Finally, if you're not a business owner, please consider making a one-time or recurring donation to help CanWCC fulfill its mandate.

Visit our website for membership information: https://canwcc.ca

Make a donation here: https://canwcc.ca/donate/

ISSUE: ACCESS TO CAPITAL

BACKGROUND

Multiple barriers prevent women from accessing the capital required to build and grow their businesses. Women are less likely to be approved for debt financing than their male counterparts. When they are approved, women-owned firms tend to receive smaller loans (relative to the requested amount) and less favourable terms[1]. The Business Development Bank of Canada (BDC) a Crown corporation that specializes in serving the needs of entrepreneurs and small businesses, offers a variety of loans and advisory services. The BDC has specific monies set aside to loan to women-owned businesses and a "women in tech" fund[2].

BDC partners with regional and national organizations, to expand their reach and serve underserved communities, including (but not limited to) women-owned and led businesses. In 2018, almost one quarter (22%) of loan dollars originated from BDC partnership organizations[3]. Clearly, the role that community partners play in directing the flow of funding to underserved entrepreneurs is significant.

Equity-based investment is even more difficult to obtain, with devastating statistics reporting that only 4% of venture capital (VC) investment went to women-owned or –led firms in 2016[4]. The lack of women at senior levels in the VC industry, coupled with research demonstrating gender bias in the evaluation of women and men's pitches[5,6], means that closing the gender gap in VC is a significant systemic issue that must be addressed. Women's representation in the Angel Investor community is also lacking, although there are some excellent initiatives in place to attract more women[7].

Another issue is dilution of ownership as it relates to women-owned status. If a majority-woman owned business receives an equity-based investment, the firm may lose its status depending on the gender composition of the investing entity. Losing this status compromises access to additional financing and supplier diversity programs that have gender-based ownership requirements. Increasing the number of women investors and women-owned funds can mitigate this risk.

Research indicates a general lack of financial literacy among Canadians[7]. For lending institutions, this should be a red flag. Loaning a business too little money risks undercapitalization, a leading cause of bankruptcy[8]. Lending a business owner any amount of money without wrap around support (from the institution or other community supports) increases the likelihood of default.

Preparing a loan application takes time and effort on the part of the business owner. By increasing transparency with respect to loan eligibility criteria, lending institutions can save time and resources, increase the number of quality applicants, and improve client satisfaction with the lending process. Lending institutions should also invest in community-based organizations that support entrepreneurs to improve the chances of success for their business clients and strengthen overall capacity in the ecosystem.

There is a general emphasis on funding technology-based firms, specifically those that sell new or improved technology as a product or service. Women are underrepresented in this industry, both as employees and business owners[9]. But women-owned businesses (and all small businesses) play an important role in the technology and innovation life cycle: adoption and use of technology to create efficiencies, scale their operations, and produce innovations in customer service, product and service delivery[10,11]. While efforts to increase diversity in tech are critically important, this issue requires confronting the elephant in the industry: a culture of sexism and racism that is widely tolerated as long as investors receive a solid return.

Significant systemic change, targeting all genders and based on an intersectional framework, needs to occur in order to increase the number of women and girls who choose to enter (and remain) in STEM-based occupations and build successful tech firms. In the meantime, the very definition of innovation and technology should be broadened to include investment in firms where the production of technology is not the sole focus. This will allow a wider range of businesses to implement the technology required to scale their operations and accelerate growth.

Women's equality and entrepreneurship are currently in vogue. Supporting these causes have political and social currency. There must be transparency with respect to programs and funds that are marketed or labelled as a product that promotes women's equality or are directed to women-owned or led businesses. For example, is a "women in technology fund" where the criteria to apply requires only 25% representation of women in management *really* a "women in technology fund"? Or is it savvy marketing that merely maintains the status quo and encourages tokenism? The public should have the information to decide.

RECOMMENDATIONS:

1. Lenders should eliminate any fees required to submit a business loan application, especially for underserved applicants.
2. Lending institutions should Increase transparency and provide guidance to borrowers by publishing minimum eligibility metrics for loans (e.g. borrower's credit score, financial ratios) and typical interest rates by industry. This information is not meant to provide a guarantee that a loan will be granted per se, but will allow potential borrowers to assess whether their business would be viewed favourably by a lender and to forecast their ability to make future loan payments at a typical interest rate for their industry.
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range of projects and firms. Adoption of technology should be recognized as a critical part of the innovation life cycle.

5. The Government should establish a program, similar to the Home Buyers' Plan (HBP), where individuals can withdraw money from their RRSP (and their spouse or common-law partner's RRSP) to start or grow a business without losing the value of their contributions or contribution room to date (providing repayments are made on time).

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[1] Hecht, J. (2018) The State of Online Small Business Lending. https://www.fundera.com/blog/the-state-of-online-small-business-lending-q2-2016

[2] https://www.bdc.ca/en/bdc-capital/venture-capital/strategic-approach/pages/women-tech-fund.aspx

[3] BDC. (2018) Corporate plan summary: 2018-2019 to 2022-2023. https://www.bdc.ca/en/Documents/doc_corpo/corporate_plan_summary.pdf

[4] Silcoff, S. (2016). "Ottawa to address startups' gender gap". *Globe and Mail.* http://www.globeinvestor.com/servlet/ArticleNews/story/GAM/20161109/RBCDWOMENENTREPRENEURS

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[8] Baldwin, J., Gray, T., Johnson, J., Proctor, J., Rafizuzzaman, M. & Sabourin, D. (1997). Failing Concerns: Bankruptcy in Canada. Ministry of Industry.

[9] Statistics Canada (2018). Survey on Financing and Growth of Small and Medium Enterprises, 2017 (Table 31: Ownership Characteristics).

[10] Diversity Institute (2018). Towards an Inclusive Canadian Innovation Strategy: Applying a Gender and Diversity Lens to the Innovation Ecosystem.

[11] Beckton, C., MacDonald, J. & Marquis-Bissonnette, M. (2018). Everywhere, Every Day, Innovating: Women Entrepreneurs and Innovation.

ISSUE: ACCESS TO CORPORATE & GOVERNMENT SUPPLY CHAINS

BACKGROUND

Access to large corporate and government supply chains is critical to accelerating revenue growth. The business case for supplier diversity is clear, and a number of large corporations have established supplier diversity policies that allocate a percentage of annual procurement from minority suppliers (including majority women-owned businesses)[1]. Many of these corporations are based in the United States, but have implemented a global supplier diversity strategy, or have established similar domestic policies at their Canadian headquarters. In spite of the proven benefits of supplier diversity, most Canadian companies, especially small and medium-sized businesses, do not have a formal policy in place[2].

The American government allocates 5% of contracts to women suppliers. It also requires large federal contracts to subcontract at least 5% of the work to majority women-owned suppliers. The latter policy permits growing businesses to build relationships with large federal suppliers and gain experience in the public-sector supply chain[3]. In the 2018 Federal budget, the Canadian Government set a goal to increase procurement from majority women-owned businesses to 15% but has not yet tabled any specific legislation[4].

Two organizations in Canada certify majority woman-owned businesses: Women Business Enterprises (WBE) Canada[5] and WEConnect International[6]. WBE Canada is a Canadian not-for-profit organization. WEConnect International is a US-based organization with operations in 48 countries around the world. Beyond certification, both organizations offer training, corporate matchmaking, and networking opportunities for certified firms to connect with each other and with corporate supplier diversity representatives.

The certification process requires a lengthy application, an annual fee, and an on-site interview or online assessment. WEConnect International offers free self-registration but (paid) certification is typically required to register with a corporation as a minority supplier. Certification is only available to businesses that are majority women-owned and led (i.e. 51% owned by women and substantively managed by women).

Neither organizations' website or marketing materials address the eligibility of trans women or non-binary individuals. The Canadian Gay and Lesbian Chamber of Commerce (CGLCC) certifies majority-owned LGBT+ businesses for the purposes of supplier diversity programs[7]. However, some trans women may prefer the majority woman-owned certification, particularly if it aligns closely with their gender expression. It would also allow them the freedom to choose when and with whom they share their gender identity.

RECOMMENDATIONS:

1. The Federal Government should enact legislation to require a diverse supplier procurement policy where at least 15% of total public sector procurement spend is allocated to minority suppliers, either directly or indirectly (through subcontracting). This can be implemented over three years, starting with 10%, and increasing the target by 2.5% a year for the next two years. By including the subcontracting option, private sector firms will be exposed to the benefits of supplier diversity, and will have the opportunity to build relationships with minority suppliers.
2. The cost of due diligence should not be borne by an underutilized supplier and legitimate suppliers should not be penalized because the potential for fraud exists. If third-party certification remains a requirement by corporations (and government), a 100% refundable tax-credit should be implemented for annual certification fees to allow businesses to recoup the full amount when filing their tax return.

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[6] https://weconnectinternational.org/en/network/north-america/canada

[7] https://www.cglcc.ca/certification/

ISSUE: PAY EQUITY

BACKGROUND

Canada has the 8th highest gender pay gap among OECD countries[1]. A woman working full-time earns, on average, $0.75 for every $1.00 her male colleague earns. The difference is much larger for Indigenous, racialized and disabled women[2]. A portion of the pay gap is explained by the fact that women typically work in lower-paid sectors, and that women are disproportionately represented among part-time workers, who tend to be paid lower wages[3]. However, approximately 10-15% of the gap is attributed to gender-based discrimination[4].

The explanations provided for the wage gap lead to further questions. Why are employees in women-dominated sectors so poorly compensated? Are the education, social services, and food and accommodation industries not valued, and if so, why not? Why do women represent such a high percentage of part-time workers? The answer to these questions are complicated and inextricably linked to the fact that women spend more time on unpaid care and household work, are more likely to be a lone parent, and most parts of Canada suffer from a lack of affordable childcare.

The gender pay gap impacts women's retirement income, as well. Canada Pension Plan (CPP) receipts are determined by the number of years one contributes to CPP and whether they contribute the maximum CPP each year. In 2018, the maximum CPP contribution was $2,593.80, which required $55,900 in annual gross earnings[5]. An individual making the minimum wage in Ontario would have to work an average of 77 hours per week, every week of the year, to earn the maximum pensionable earnings[6]. A part-time employee, working 25 hours a week, would have to earn upwards of $45 per hour to reach the maximum gross earnings[7].

A woman who chooses to exit the labour force for a period of time following the birth or adoption of a child may realize lower CPP income during retirement[8].

However, there is a Child Rearing Provision that excludes periods of low or zero earnings due to caring for a child under seven years of age[9]. An application and supporting documents must be submitted at the time one applies to receive CPP benefits. The CPP enhancement, which has come into effect January 1st, 2019, in combination with the drop-out provisions (including the Child Rearing Provision), is a positive step towards greater income security in retirement for women.

The gender pay gap also affects The Registered Retirement Savings Plan (RRSP) program. The calculation of RRSP contribution room is based on a fixed percentage of earned income in the previous tax year. It stands to reason that, if men make more than women, men obtain more RRSP contribution room, which can be carried forward indefinitely. Women who are temporarily absent from the labour force accrue less RRSP contribution room, an attribute that cannot be recovered in a future tax year. It is interesting to note that maternity benefits received from Employment Insurance (EI) are not considered earned income for RRSP purposes, despite the fact that income taxes are deducted from the payments. No RRSP provisions exist to compensate for a period of lower earnings or absences from the labour market.

Why is pay equity a relevant issue for the Canadian Women's Chamber of Commerce, an organization that represents entrepreneurs and business owners? Pay equity represents a litmus test of the economic value society assigns to women relative to their male peers. Women entrepreneurs and business owners will never face a level playing field until and unless women employees are valued equally for their contributions in the workplace. Pay equity is not a panacea to the myriad issues faced by women business owners, but it is an essential first step.

RECOMMENDATIONS

1. All provinces should enact comprehensive pay equity legislation.

2. The Federal Government should conduct a GBA+ review of retirement and income protection policies and saving options. This review is long overdue and will support the evolving needs of Canada's diverse workforce.
3. The Federal Government should create a task force to evaluate employment insurance (EI) benefits, EI special benefits, and the impact of these programs on women, including women business owners.

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[6] Calculation: $55,900 / 52 weeks in a year / $14 (2018 Ontario minimum wage)

[7] Calculation: $55,900 / 50 working weeks in a year / 25 hours per week

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ISSUE: AFFORDABLE CHILDCARE

BACKGROUND

Access to high-quality, licensed, affordable childcare remains an issue for many working parents. Only Quebec, Manitoba, and P.E.I. have established a ceiling on parent fees for childcare and provide provincial funding directly to providers to supplement the remaining operational costs. In the remaining provinces, prices are set by the private sector, resulting in annual increases that outpace inflation[1]. Availability of childcare, regardless of affordability, varies widely within and between provinces[2]. Childcare providers are poorly paid, overworked, and undervalued[3].

Providing affordable childcare enables women with young children to participate in the labour force in higher numbers, which positively impacts economic growth and productivity[4]. It also allows women entrepreneurs and business owners to spend more time building and growing their business. Publicly funded childcare has the potential to pay for itself in terms of economic growth and innovation while ensuring the next generation is well cared for in a safe environment[5].

Canadian policy is not indicative of a high value placed on childcare or those that provide it (including stay at home parents). For example, the maximum Canada Child Benefit (CCB) provided by the Federal Government amounts to less than $550 per month[6], which does not cover the median monthly cost of childcare in any province except those three where parent fees are capped and the province provides operational funding[7]. Although the CCB is tax-free and paid throughout the year (versus a tax-credit or lump sum payment), it doesn't address the real costs and necessities of working parents.

It is no coincidence that affordable childcare is an issue that is passed over time and time again. Childcare was traditionally the unpaid responsibility of the mother, and it remains, to a large extent, the unpaid, or underpaid, and undervalued work of women. Until and unless affordable childcare is universally available in Canada, any efforts to achieve gender parity and equity will be stalled. It is an essential piece of a larger goal and cannot be ignored any longer.

RECOMMENDATIONS:

1. All provinces should enact universal, affordable, publicly funded childcare legislation.
2. Childcare and early childcare education workers should be paid a fair wage, commensurate with their training and responsibilities.
3. Municipalities should direct urban planning departments to utilize existing data analysis to properly incentivize the development of childcare businesses in "childcare deserts" to ensure appropriate availability of care.

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[1] McDonald, D. & Friendly, M. (2017). Time Out: Child care fees in Canada 2017. Canadian Center for Policy Alternatives.

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[5] Giesbrecht, D. (2017) "Why can't Canada keep up on child care?" *Toronto Star*. https://www.thestar.com/opinion/contributors/2017/12/29/why-cant-canada-keep-up-on-child-care.html

[6] McDonald, D. & Friendly, M. (2017). Time Out: Child care fees in Canada 2017. Canadian Centre for Policy Alternatives.
[7] The maximum 2018 Canada Child Benefit (CCB) for a child under the age of six (6) is $6,496 per year ($541.33 per month). The maximum benefit applies to those with annual taxable income up to $30,450, and is reduced once taxable income is above that threshold. A further reduction is applied if taxable income is above $65,975.

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