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PERSPECTIVES

ON LABOUR AND INCOME

SPRING 1998

Vol. 10, No. 1

■ STAY-AT-HOME DADS

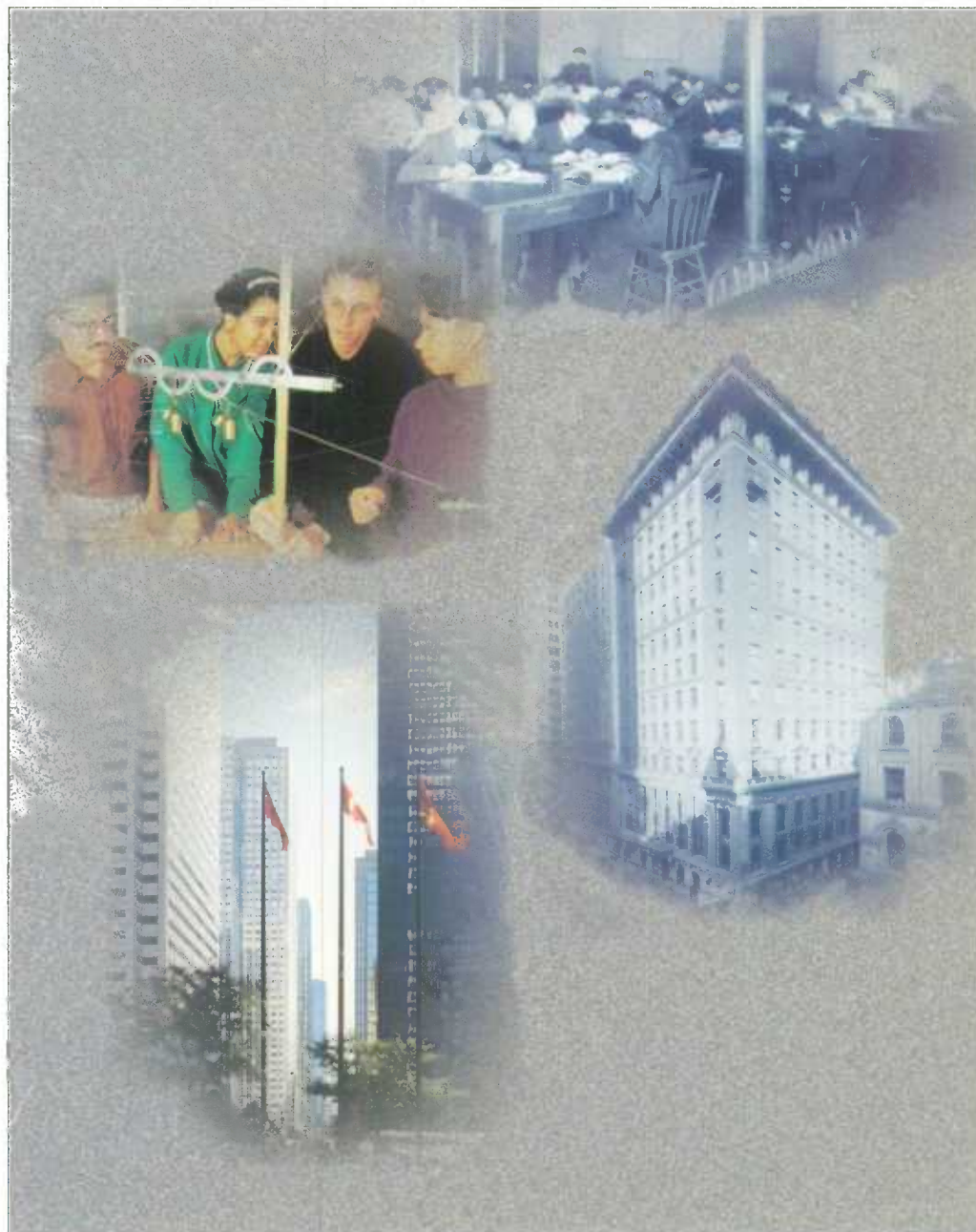
■ WORK ABSENCES

■ EMPLOYEE TRAINING

■ RRSPs

– CONTRIBUTIONS AND
WITHDRAWALS

– UNUSED ROOM



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ON LABOUR AND INCOME

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■ Articles

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Katherine Marshall

Who are the "stay-at-home dads"? Are their numbers rising? This article examines the characteristics of these fathers in single-earner husband-wife families. An overview of recent changes in family structure, use of parental leave, and time use among single-earner families puts the analysis in context.

16 Work absences: New data, new insights

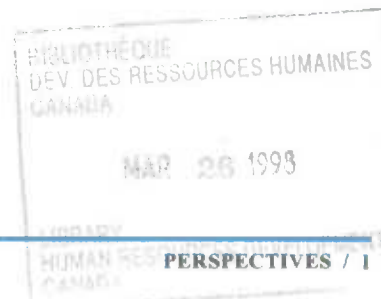
Ernest B. Akyeampong

Factors such as age, family circumstances, work schedules and leave entitlements all play a role in work absences. Using data from the redesigned Labour Force Survey and the 1995 Survey of Work Arrangements, this article provides an up-to-date, in-depth look at the effect of these and other factors. For the first time, maternity leave can be excluded from these statistics.

23 An international comparison of employee training

Constantine Kapsalis

Important literacy and training questions can now be addressed without being hampered by a lack of comparable training data. Based on the International Adult Literacy Survey, this article looks at employee training in seven countries, including Canada. Training effort, sources of support, motivation, and characteristics of trainees are examined.



PERSPECTIVES

ON LABOUR AND INCOME

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29 RRSP contributions and withdrawals: An update

Ernest B. Akyeampong

This study examines some of the factors underlying the rapid growth in RRSP contributions since 1991, and explains how, and why, the composition of contributions has changed. Regional differences in RRSP participation are also provided. Finally, RRSP withdrawals are briefly noted.

34 Tapping unused RRSP room

Hubert Frenken

Relatively few eligible taxpayers take advantage of their unused RRSP contribution room in a given year, and they use only a fraction of it. This article looks at how much room has accumulated since 1991. It also examines which taxpayers are using their RRSP room.

In honour of *Perspectives*' 10th anniversary, our cover presents both current and historical perspectives on labour and income. All historical photographs used throughout the issue are from the National Archives of Canada.

Our anniversary logo was designed by John Bradford of the Labour and Household Surveys Analysis Division; the cover was designed by Rachel Penkar of Dissemination Division.

Symbols

The following standard symbols are used in Statistics Canada publications:

...	figures not available
...	figures not appropriate or not applicable
-	nil or zero
--	amount too small to be expressed
p	preliminary figures
r	revised figures
x	confidential to meet secrecy requirements of the Statistics Act

The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences – Permanence of Paper for Printed Library Materials, ANSI Z39.48 – 1984.

■ The Winter 1997 issue of *Perspectives* carried an article entitled "The redistribution of overtime hours" by Diane Galarneau. The article began with estimates of the number of hours of paid overtime usually worked by employees (using data from the 1995 Survey of Work Arrangements). It then examined what might have happened to the unemployment rate at the time had these hours been redistributed to the unemployed under various hypothetical constraints, such as the donor hours having to come from the same province as the unemployed who would receive them, and donors and recipients having to be in the same occupational group, and so forth.

The media coverage of this article and the reactions of many with an interest in the topic reminded me of the fable of three blind men trying to describe an elephant: same beast, but widely different perceptions. Some journalists and economists argued that the feasibility of redistributing overtime hours (one of many proposed approaches to the more general concept of work sharing) had already been totally discredited and was unworthy of further examination. To them, the article's suggestion that this redistribution could alleviate unemployment, however slightly, was offensive. Other journalists, or more precisely, the people interviewed for a reaction to the study's findings, objected to anything that suggested that this redistribution would not play a significant role in alleviating unemployment.

Both reactions reveal a misperception of Statistics Canada's role in public policy debate. Statistics Canada does not have a position on the redistribution of overtime. In fact, the Agency assiduously tries to avoid becoming part of such debates, and more particularly, being seen as supporting one side or the other.

Simply put, the goal of Statistics Canada, in both its statistical and analytical output, is to provide data to inform public policy debate. Our numbers are often used by all sides to support certain contentions or to challenge others. We are pleased when this happens, since it is testimony to both the relevance of our data and our achievement of neutrality.

In other instances, directly applicable estimates may not be so readily available. It may then be necessary for Statistics Canada to discern the need for quantitative information and to try to derive that information from our data holdings and to present it in a readily understood form of analysis.

This was precisely our intention with the article on the redistribution of overtime hours. The debate had been going on for some time, largely without empirical foundation, and showed every sign of continuing. With the advent of data from the Survey of Work Arrangements, particularly those on usual hours of paid overtime and on preferences for hours of work, we realized that we could offer up some quantitative information to the debate. The article was then crafted to make it very clear that this was an exercise in the construction of alternative scenarios, and not a single set of predictions describing the product of a specific policy option. The vocabulary used was intended to convey the exploratory nature of the exercise, with such phrases as "might have been created," "had it been possible to convert," "hypothetical jobs," "rests on several assumptions," "potential new jobs," and so forth. Rather than simply address the issue of matching donor and recipient occupations once and imply that this matching was the only measure of the effect of occupation, the study provided three levels of occupational precision for consideration.

We can appreciate that in the heat of debate the participants might assume that all players were taking an advocacy position. However, Statistics Canada doesn't take positions. We need to recognize, though, that just because that principle is second nature to us, it isn't necessarily obvious to people outside the organization. Certainly those of us working on *Perspectives* will strive to make the Agency's position of neutrality even clearer in the future.

Year-end review

On a completely different topic, the Spring issue of *Perspectives* has always contained a year-end review of the labour market. (Similarly, the Autumn issue always contained a mid-year review.) For the first time since *Perspectives*' debut in early 1989, the Spring issue will not contain a year-end review.¹ It is not that this regular feature has been unpopular with our readers. Rather, it reflects the results of further enhancements of Statistics Canada's analytic output; in this case, enhancements associated with the revisions to the Labour Force Survey (LFS) that took effect in January 1997.

In addition to expanding the content of the LFS (adding wage rate, unionization and several other variables), the revision extended to the survey's dissemination program, which has been radically modified

to better serve the needs of its users. This revision includes the launch of a new analytic quarterly called *Labour Force Update*, based primarily on LFS data. The first three issues covered the labour market experience of youths, the distribution of hours worked, and the situation of the self-employed. The fourth issue reviews the labour market for 1997; in other words, it presents a year-end review. From now on, these reviews will be carried in *Labour Force Update*. As for our mid-year reviews, we will cease publishing these unless extraordinary events in the labour market warrant it.

Our subscribers will receive a complimentary copy of the *Labour Force Update* in which the 1997 year-end review appears. In the future, *Perspectives* readers with a continuing interest in these reviews are encouraged to subscribe to *Labour Force Update*.²

Ian Macredie
Editor-in-Chief



■ Notes

1 Actually, the mid-year and year-end reviews predate the launch of *Perspectives*. These articles began with the 1982 mid-year review when we (yes, I was involved even then) recognized the need to go beyond the traditional month-to-month analysis provided by the monthly LFS. We thought a fuller appreciation of labour market change was in order.

2 For additional information on this new quarterly (Catalogue no. 71-005-XPB, \$29/\$96), contact Geoff Bowlby at (613) 951-3325; Internet: bowlgeo@statcan.ca or Jean-Marc Lévesque at (613) 951-2301; fax (613) 951-2869; Internet: levejea@statcan.ca.

We welcome your views on articles and other items that have appeared in *Perspectives*. Additional insights on the data are also welcome, but to be considered for publication, communications should be factual and analytical. We encourage readers to inform us about their current research projects, new publications, data sources, and upcoming events relating to labour and income.

Statistics Canada reserves the right to select and edit items for publication. Correspondence, in either official language, should be addressed to: Heather Berrea, What's new? Co-ordinator, *Perspectives on Labour and Income*, 5-D Jean Talon Building, Statistics Canada, Ottawa K1A 0T6. Telephone (613) 951-8613; fax (613) 951-4179 or on the Internet: berrhea@statcan.ca.

When *Perspectives* first appeared in 1989, a friend of mine said, on reading the first two issues, "It's very good but can you keep up that level of quality?" I leave the answer to you.

Whatever your judgement, *Perspectives* continues to hold onto a large subscriber base, and to be cited in all manner of publications. And the news media continue to receive each new issue with enthusiasm. It is this level of support that has kept us working on *Perspectives* and has now brought us to our 10th volume.

To mark this event, the four issues of Volume 10 will carry an anniversary logo on the cover. In

the same spirit, this issue features a cover with a "historical development" theme, and each article begins with a relevant archival photograph.



If we had one wish for our next 10 years it would be to have more feedback from our readers. While we believe we have done a fair job of judging what analysis interests you, we could target your needs even more precisely if you would let us know. We welcome your communications.

Ian Macredie
Editor-in-Chief

Highlights

■ Stay-at-home dads

... p. 9

- The estimated number of families with a stay-at-home dad increased from 41,000 in 1976 to 77,000 in 1997. Of all families with a stay-at-home parent, 6% had a father at home in 1997, up from just 1% in 1976.
- Families with a stay-at-home dad are less likely than those with a stay-at-home mom to have a pre-school aged child at home (40% versus 59%). This may be because only mothers are entitled to paid maternity leave when children are infants, and because most mothers take the parental leave benefit. Of the roughly 31,000 parents on paid parental leave in a given month, only about 1,000 are fathers.
- Stay-at-home parents generally have lower occupational and educational attainment levels than earning parents. This suggests that reduced employment options may have contributed to their decision to remain at home. For example, only 18% of stay-at-home fathers and 25% of stay-at-home mothers who worked in the past year were employed in managerial or professional occupations, compared with 30% of earning fathers and 39% of earning mothers.
- The length of time out of the workforce varies substantially for stay-at-home fathers and mothers: 49% of fathers at home have been there for less than one year, while the corresponding figure for stay-at-home mothers is only 19%. In contrast, 17% of stay-at-home dads have been at home for five years or longer, compared with 45% of stay-at-home mothers.

■ Work absences: New data, new insights

... p. 16

- In 1997, close to half a million full-time workers lost some work time each week for personal reasons (excluding maternity leave). On average, each full-time employee lost 7.4 days over the year – 6.2 for illness or disability and 1.2 for personal or family responsibilities. This amounts to an estimated 66 million workdays in total.
- Time lost for personal reasons averaged 6.3 days for men in 1997, and 9.1 for women. Women lost more work time than men for illness or disability (7.6 days

versus 5.3) and for personal or family responsibilities (1.5 days versus 0.9). The presence of pre-school aged children exerts a strong influence on work absences for personal or family responsibilities, especially for women. In families with pre-schoolers, women lost 4.2 days for this reason, compared with 1.8 for men.

- Full-time workers in public administration and in transportation and communication lost the most time in 1997 (8.9 days each). Those in agriculture and in trade lost the least (5.5 and 5.8 days, respectively). Almost all the difference can be traced to absences due to illness or disability.
- British Columbia (8.8 days) and Quebec (8.4) recorded the most work time lost; Alberta (6.5) and Ontario (6.6), the least.
- Workers covered by a union contract missed almost twice as many workdays for personal reasons as their non-unionized counterparts (10.7 versus 5.6 days). This is not surprising, since most, if not all, collective agreements include paid sick leave entitlements.
- Full-time workers with a flexitime arrangement were less likely than those without this option to report missing some work during the reference week because of illness or disability (3.4% versus 4.0%), according to the 1995 Survey of Work Arrangements.

■ An international comparison of employee training

... p. 23

- The average Canadian employee received 44 hours of training in 1994, according to the International Adult Literacy Survey. This finding was similar to that of Switzerland, the United States and Germany, but considerably less than that of the Netherlands (74 hours per employee).
- These hours include employer-supported, government-supported, and self-supported training. In Canada, 33% of employees received employer-supported training, while 15% undertook training on their own. A much smaller percentage (5%) received support from the government. Employer-supported training involved fewer hours than self-supported training (83 versus 121 hours per trainee).

- Canada reported the highest incidence of employees who wanted more training for career- or job-related reasons (33%).
- Women and employees in small firms generally received less employer-supported training than did men or employees of large firms. This was the case for all participating countries.

■ RRSP contributions and withdrawals: An update ... p. 29

- Annual contributions to RRSPs rose steadily from about \$15 billion in 1991 to more than \$26 billion in 1996, a 74% increase. Over the same period, the number of contributors increased by 28%, from 4.7 million to almost 6 million.
- The reasons for this growth are varied. Changes to the *Income Tax Act* in 1990, which increased RRSP contribution opportunities for most taxpayers; the economic upturn; and growing concerns about the Canada and Quebec Pension Plan and the Old Age Security/Guaranteed Income Supplement programs have all contributed. Financial institutions' effective promotion of RRSP participation and recent growth in group RRSPs have also played a role, as has a drop in participation in employer-supported pension plans.
- In 1995, RRSP participation rates were generally higher in the three westernmost provinces and lower in the Atlantic provinces. Average amounts contributed in British Columbia, Ontario and Alberta exceeded the national average, while they fell well below it in Newfoundland and Manitoba.
- The Yukon and Northwest Territories present a unique picture. Though they held the top positions in the country for eligibility rates and average contributions, their participation rates were lower than the national average.
- Withdrawals from RRSPs also rose between 1991 and 1996 (from \$3.2 billion to \$4.4 billion), as did the number of persons making withdrawals (from 604,000 to 851,000). However, average withdrawals were virtually unchanged: from \$5,271 to \$5,212.
- From 1991 to 1994, Canadians were cashing in one dollar of RRSP savings for every five contributed; by 1996, they were removing just 85 cents for every five dollars contributed.

■ Tapping unused RRSP room ... p. 34

- From 1991 to 1997, the number of taxpayers with RRSP room increased by a third to a total of 19 million. Meanwhile, the amount of RRSP room grew nearly five-fold, from \$45 billion to more than \$216 billion.
- There are indications that at least some of the accumulated room is being used up by a growing number of taxpayers. The proportion of total room used decreased annually from 1991 to 1995, but levelled off to 12% in 1996. One reason for this was the reduction of the maximum dollar amount of new room credited to taxpayers that year, from \$14,500 to \$13,500.
- Only about one-third of taxpayers with RRSP room contributed in 1995; 29% of contributors used up at least some of their previously accumulated room.
- A large proportion of unused RRSP room is held by taxpayers under the age of 45 and by those with low incomes. Taxpayers who use their room, on the other hand, tend to be 45 to 64, and have an income of \$40,000 and over. For example, while 38% of all 1995 RRSP contributors were between 45 and 64, more than 47% of those who tapped their unused room that year were in that age group. Those making over \$40,000 accounted for 62% of the \$9.4 billion contributed.

■ What's new? ... p. 39

- *Work Arrangements in the 1990s* provides information on the hours people work, the emergence of alternative work patterns such as flexitime and home-based work, the work schedules of families and students, and the quality of jobs as defined by wage and non-wage benefits, unionization, job permanence and employer size.
- *Earnings of Men and Women, 1996* compares the earnings of men and women by province, age, education, occupation and work experience. Also presented are data on husbands' and wives' contributions to family income.
- According to *Failing Concerns: Business Bankruptcy in Canada*, firms in Canada go bankrupt primarily because their managers lack the experience, know-how or vision to run their business. Key deficiencies are bad financial planning and the inability to master basic management skills.

- According to a recent article in *Canadian Social Trends*, more than one-fifth of workers with a university or community college certificate, diploma or degree felt overqualified for their jobs in 1994.
- *Low Income Cut-offs* has been updated to reflect the 1997 cost-of living increase, as indicated by the annual change in the Consumer Price Index.
- *Government Finances and Generational Equity* offers a detailed analysis of the current state of Canadian fiscal policy and the way in which it has changed over the past two decades. Collected essays consider the deficit as a measure of generational equity; the age distribution for government taxes and transfers; the effect of reducing the national debt on the well-being of current and future generations; and the manner in which generational equity should be measured.
- Employment growth in 1997 pushed the unemployment rate down to 9.1% by mid-year, and to 8.6% by year-end, the lowest rate since September 1990. This is but one of the many highlights in the fourth issue of *Labour Force Update*, which offers an overview of the 1997 labour market.
- Statistics Canada recently conducted a survey to assess the business community's readiness for the Year 2000 computer problem. A report on the survey determines how businesses in different industries and size categories have been preparing for potential difficulties, and assesses the general cost and magnitude of fixing the problem.
- *North American Labor Markets: A Comparative Profile* examines the labour markets of the United States, Mexico, and Canada. It presents emerging trends and themes over the 1984-to-1995 period in such areas as employment, work time and non-standard work, unemployment, unionization, earnings, productivity, income distribution and employment benefits.
- The Analytical Studies Branch has released two more research papers. *Job Turnover and Labour Market Adjustment in Ontario from 1978 to 1993* looks at permanent layoffs and separations and their probabilities, and at labour market transitions for separated workers. *International Competition and Industrial Performance: Allocative Efficiency, Productive Efficiency, and Turbulence* reviews theory and recent empirical evidence of the effects of international competition on the performance of domestic industries.

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Stay-at-home dads

Katherine Marshall

Over the past two decades, the proportion of single-earner husband-wife families¹ with children at home has decreased from 59% to 31%. During this period, some characteristics of these families have also changed. For example, in 1976, wives were breadwinners in only 4% of all single-earner husband-wife families with children; 21 years later, that figure had increased to 16% (see *Data sources and definitions*).

Does this imply a rise in the number of "stay-at-home" dads? There may well be more fathers without a paid job and at home – both by choice and by default (because they are unemployed or have returned to school). Whatever the reason, a rise in the number and proportion of families with a father at home has social and economic implications. The reversal of traditional sex roles, for example, even if positive in the long term, may initially create personal and family tension or provoke social discrimination.² Furthermore, family finances may be affected. Families headed by female breadwinners have traditionally reported lower annual incomes.

Based on a selected definition of "stay-at-home" (see *In search of the stay-at-home parent*), this article examines the characteristics of fathers who stay at home in husband-wife families with children under 16. Some comparisons are made with stay-at-home mothers and with employed parents. An overview of recent changes in family types, use of parental leave, and time use among single-earner families puts the analysis in context.

Katherine Marshall is with the Labour and Household Surveys Analysis Division. She can be reached at (613) 951-6890.



Feeding a black squirrel in High Park, Toronto, 1917

Changing families and the roles within

Since the advent of industrialization, women have been largely responsible for most household and family work, and men for paid work. However, with the long-term rise in women's labour force participation, and more recently, men's growing involvement in child care, parents' roles are becoming less traditional (see *Parental leave and Time use of stay-at-home parents*).

The shift in roles reflects the changing structure of families. For example, the percentage of dual-earner families with children under 16 rose from 34% in 1976 to 56% in 1997 (Chart A). The percentage of lone-parent families doubled from 5% to 10% – owing mainly to an increase in female lone parents – and families in which the wife was sole earner grew from 2% to 5% of all families. These changes contributed to the steep decline in the percentage of families in which the husband was sole earner (from 54% to 23%).

This increase in dual-earner and lone-parent families means that many parents face a greater challenge in balancing work and family responsibilities. In order to meet this challenge, some may decide to pay for child care or other household services, and/or to alter their work arrangements (Marshall, 1994 and Statistics Canada, forthcoming). Others may opt to have one parent leave the labour force and remain at home. This article focuses on the last approach, and in particular, on families in which the father becomes the stay-at-home parent.

Why families have only one earner

The number of single-earner two-parent families with children under 16 at home declined steadily between 1976 and 1997, from 3.3 million to 1.8 million (Table 1). Families with a non-earning mother decreased from 3.2 million to 1.5 million over the same

Data sources and definitions

The monthly Labour Force Survey (LFS) collects labour market information for all household members aged 15 and over, as well as demographic and family relationship information for all household members, making it possible to derive family types.

The core content of the 1992 General Social Survey was time use. That survey collected data over 12 months from a random sample of about 9,000 respondents aged 15 and older. Each person completed a diary of activities over a 24-hour day, noting the duration of each primary activity, as well as when, where and with whom it had taken place.

The Employment Insurance Statistics database at Statistics Canada uses

administrative data from Human Resources Development Canada. HRDC provides a monthly file on all claims for insurance benefits, which includes such variables as age, sex, occupation, earnings and province of beneficiary, as well as type of benefit, weekly insurable earnings, and weeks of insurable employment.

Single-earner family: in this study, a husband-wife family with children under 16 at home, who, at the time of the LFS, reported that only one spouse was employed, either part time or full time, while the other was unemployed or not in the labour force.

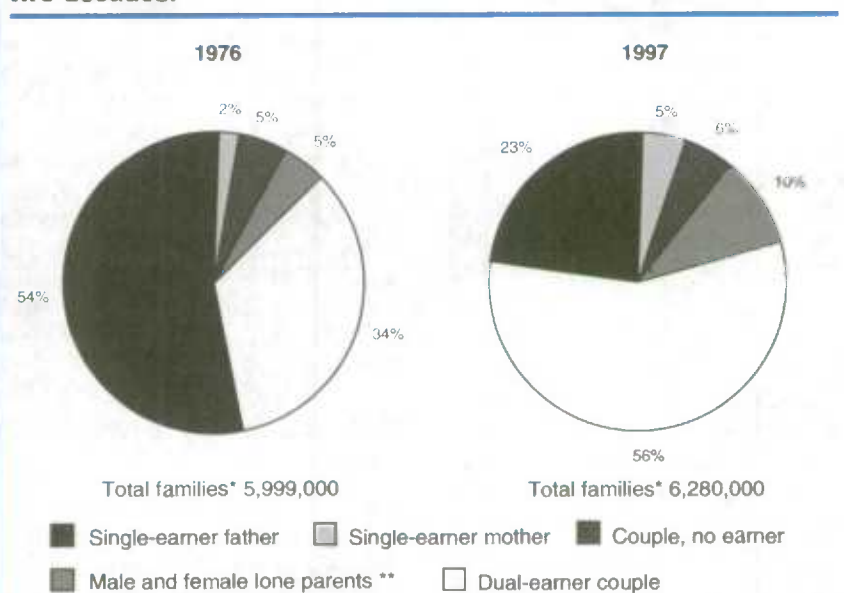
Stay-at-home parent: a person in a husband-wife family with children under 16 at home, who did not have a job or busi-

ness at the time of the LFS, was not looking for work, was not attending school, and was not permanently unable to work. (For more discussion see *In search of the stay-at-home parent.*)

Discouraged worker: a person not in the labour force who wanted to have a job, but was not looking for one in the belief that no work was available.

Permanently unable to work: a respondent who reported that he or she had not worked at a job or business because of a long-term physical or mental illness or other disability. This designation is not a measure of medical disability; rather, it allows the respondent to skip over most of the questionnaire.

Chart A
The family structure has changed considerably over the past two decades.



Source: Labour Force Survey

* Couples and lone parents with at least one child under 16 at home.

** Includes both employed and not employed.

period, while those with a non-earning father increased from 0.1 million to 0.3 million.

Contrary to popular belief, not all families with only one earning spouse have chosen this arrangement in order to allow the other spouse to manage the household. For example, some spouses are unemployed and looking for work, or are permanently unable to work; these people would probably prefer to be working. Others are attending school in order to develop skills or to pursue special interests. Spouses who have most likely chosen not to work so that they may devote time to family responsibilities are, by exclusion, those who are able to work yet are neither looking for work nor attending school. In this study only these persons are assumed to be "stay-at-home" parents.

The profile of single-earner families has changed over time. The number in which the non-earning spouse is unemployed, permanently unable to work or attending school has increased from 347,000 to 542,000 over

the past two decades. This growth is mainly the result of an increase in the proportion and number of non-earning mothers and fathers looking for work or attending school (Table 1).

In contrast, the number of single-earner families in which the non-earning spouse opts to stay at home has dropped from 3.0 million to 1.2 million over the same period. Families with stay-at-home mothers have dropped by 1.8 million and those with stay-at-home fathers have increased by 36,000. Therefore, as a result of this diverging trend (Chart B), the proportion of families with stay-at-home fathers has increased from 1% in 1976 to 6% in 1997.

In search of the stay-at-home parent

The stereotypical 1950s stay-at-home mom may have worked after marriage, but once she had children she left the labour force, at least until they moved out. The image of the stay-at-home parent is more elusive today. The stay-at-home parent may be either sex, and the length of time at home may vary. Also, parents may assume the role intermittently; for example, two stretches of paid maternity leave can be viewed as two incidents of stay-at-home motherhood. However, as with the earlier definition, parents who label themselves stay-at-home moms or dads are assumed to have chosen the role, although this may not necessarily be the case.

Statistics Canada does not list "stay-at-home parent" as a possible reason for not being in the labour force. Therefore, this study uses two criteria for the category: 1) there must be dependent children at home; and 2) the stay-at-home parent must not be looking for work, but must be able to work and not attending school. However, it is impossible to know how many stay-at-home parents wished to adopt this role, and how many had no other feasible option. It is known, though, that in 1997, 1% of stay-at-home mothers and 6% of stay-at-home fathers were actually discouraged workers.

Table 1
Single-earner husband-wife families

	1976	1979	1982	1985	1988	1991	1994	1997
	'000							
Total single-earner families	3,342	3,013	2,677	2,400	2,028	1,950	1,854	1,759
	%							
Earning father/non-earning mother	96	95	91	90	90	83	82	84
Earning mother/non-earning father	4	5	9	10	10	17	18	16
Earning father/non-earning mother	3,215	2,870	2,429	2,152	1,818	1,611	1,528	1,472
	%							
Mother unemployed	6	8	11	14	15	19	18	16
Mother not in labour force								
Stay-at-home*	92	91	87	83	80	76	76	77
Attending school	2	2	2	3	4	4	5	5
Unable to work	-	-	-	-	-	1	1	1
Earning mother/non-earning father	128	142	248	248	209	339	326	287
	%							
Father unemployed	52	55	68	67	54	62	58	57
Father not in labour force								
Stay-at-home*	32	31	25	25	33	26	25	27
Attending school	6	6	5	4	7	7	9	8
Unable to work	9	8	3	4	6	5	7	8
Single-earner families with non-earning stay-at-home parent	2,996	2,647	2,168	1,846	1,526	1,316	1,245	1,217
Stay-at-home mother	2,955	2,602	2,107	1,784	1,458	1,228	1,163	1,140
Stay-at-home father	41	44	61	62	68	88	82	77
	%							
Stay-at-home mother	99	98	97	97	96	93	93	94
Stay-at-home father	1	2	3	3	4	7	7	6

Source: Labour Force Survey

* See Data sources and definitions.

TABLE 2
Family characteristics of single-earner husband-wife families

	Total	Stay-at-home mother (earning father)	Stay-at-home father (earning mother)
		'000	
Total	1,217	1,140	77
Average number of children under 16 at home	2.0	2.0	1.6
		%	
With children under 16 at home	100	100	100
At least one child under 6 at home	58	59	40
All children aged 6 to 15	42	41	60
Canada	100	94	6
Atlantic provinces	100	88	12
Quebec	100	93	7
Ontario	100	94	6
Prairies	100	95	5
British Columbia	100	95	5
Residence	100	100	100
Urban*	80	80	73
Rural	20	20	27
Discouraged workers** by region			
Canada	2	1	6
Atlantic provinces	8	7	15
Central and western provinces	1	1	4
Urban*	1	1	5
Rural	4	3	9
		\$	
Average weekly rate of pay	773	794	502

Source: Labour Force Survey, 1997

* Population concentration of 1,000 or more and a population density of 400 or more per square kilometre.

** See Data sources and definitions.

Families with a stay-at-home dad

Families with a stay-at-home dad are less likely to have a pre-school aged child at home (40%) than are those with a stay-at-home mom (59%) (Table 2). This may be because only mothers are entitled to paid maternity leave when children are infants, and because most mothers take the parental leave benefit (see *Parental leave*).

The Atlantic region has a disproportionately high rate of families with a stay-at-home father: 12%, compared with 7% or lower for all other regions. Also, one in four such families resides in a rural area, as opposed to one in five families with a stay-at-home mother. The lower cost of living in rural regions may make it somewhat more feasible for families to afford having only the wife employed. Such families tend to have lower earnings

Parental leave

Major amendments to the *Unemployment Insurance Act (UIA)* in 1971 brought in a wide range of benefits, including, for the first time, paid maternity leave for women. This leave enabled women to receive 60% of their regular earnings, with a set maximum benefit, for 15 weeks over a 17-week period.

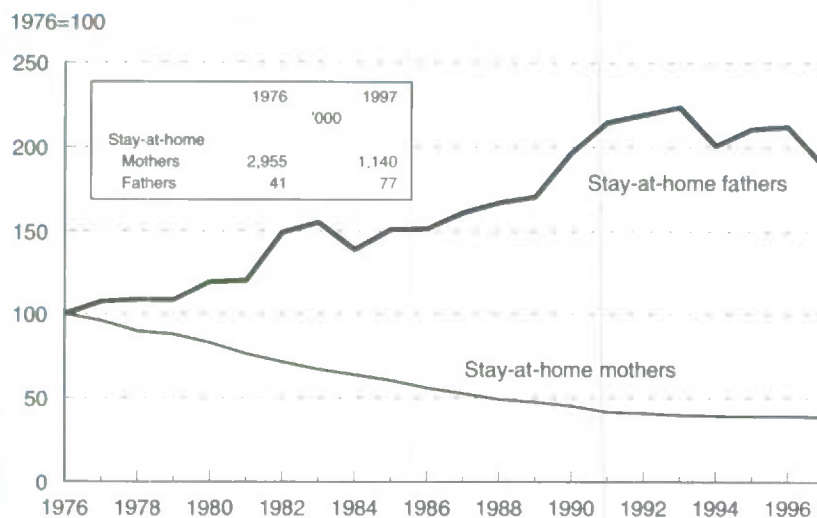
In 1989, Bill C-21 introduced amendments to the *UIA*, which included 10 weeks of parental leave with the birth or adoption of a child. This leave could be taken by one parent or shared (if both parents had accrued enough insurable weeks) any time up to 52 weeks after the child arrived home. As of October 1990, when Bill C-21 passed, fathers have been entitled to paid leave for the purpose of primary care giving. Since that time, roughly 31,000 parents each month, 1,000 of them fathers, have taken parental leave with benefits. Fathers' percentage of all parents on leave has fluctuated between 3% and 4% annually since 1991.

than those with single-earner fathers (Crompton and Geran, 1995; Table 2). On the other hand, these families may have little choice in the matter. Stay-at-home fathers in the Atlantic and rural regions are more likely than those elsewhere to be discouraged workers: 15% and 9%, respectively – well above the 6% national average. Relatively limited opportunities may have led some of these men to remain at home because they believed no work was available.

Stay-at-home dads

Stay-at-home fathers differ from their female counterparts, and from earning parents. Their average age is 42, compared with 35 for mothers and 38 for earning parents (Table 3). Four in ten stay-at-home fathers and mothers have a postsecondary certificate, diploma or degree. In contrast, some 55% of earning fathers and 52% of

Chart B

More fathers are opting to stay home with their children.

Source: Labour Force Survey

earning mothers have graduated from a postsecondary institution. Similarly, only 18% of stay-at-home fathers and 25% of stay-at-home mothers who worked in the past year were employed in managerial or professional occupations, compared with 30% of earning fathers and 39% of earning mothers.

The lower occupational and educational attainment levels of some stay-at-home parents suggest that reduced employment options may have contributed to their decision to remain at home with the children. And the length of time out of the workforce varies by sex: 49% of fathers at home have been out for less than one year. The corresponding figure for mothers is only 19%. Roughly one in three stay-at-home fathers and mothers have been out of the workforce for one to five years, and a full 45% of mothers and 17% of fathers have been

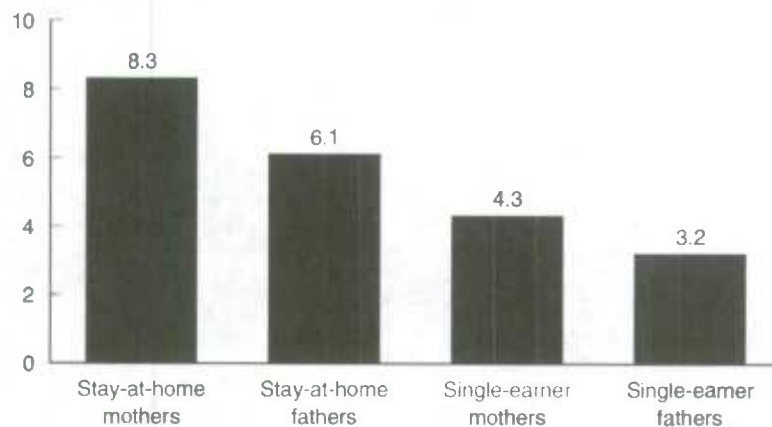
Time use of stay-at-home parents

Stay-at-home mothers did an average 8.3 hours per day of unpaid work in 1992, including child care, housework (meal preparation, meal clean-up, indoor cleaning, laundry and other related work), shopping and volunteer work, while stay-at-home fathers did an average 6.1 hours.

In contrast, single-earner mothers and fathers put in a daily average of 4.3 and 3.2 hours, respectively, of unpaid work. These fathers did an average 7.1 hours of paid work per day, however, and mothers, some 6.0 hours (averaged over 7 days).

Stay-at-home mothers do the most unpaid work.

Hours per day of unpaid work



Source: General Social Survey, 1992

Table 3
Characteristics of stay-at-home and earning parents in single-earner husband-wife families

	Stay-at-home father	Stay-at-home mother	Earning father	Earning mother
Average age	42	35	38	38
			%	
Education	100	100	100	100
High school graduation or less*	58	58	46	48
Postsecondary certificate or diploma	27	29	35	35
University degree	16	13	20	17
Occupation**	100	100	100	100
Managerial/professional	18	25	30	39
Clerical, sales and service	15	62	18	49
Processing, machining and fabricating	14	6	22	7
Construction	25	--	11	--
Other	28	7	18	4
Duration out of labour force	100	100	...	...
Less than 12 months	49	19	...	...
12 to 59 months	34	36	...	...
60 months (5 years) or more	17	45	...	...
Reason left last job (if worked in past 12 months)	100	100	...	...
Lost job	67	43	...	...
Personal or family responsibilities	--	34	...	...
Other	30	23	...	...

Source: Labour Force Survey, 1997

* May include postsecondary education that was not completed.

** The occupation for stay-at-home parents refers to the last job they held, for those who worked in the past 12 months.

out for five years or longer. Among the stay-at-home parents who have worked in the past year, 67% of fathers and 43% of mothers said they had lost their last job. One in three mothers (34%) had stopped work because of family or personal responsibilities; 30% of fathers and 23% of mothers reported other reasons.

Summary

The number of husband-wife families opting to have one parent stay at home dropped from 3.0 million in 1976 to 1.2 million in 1997. This is a direct result of a reduction in families with a stay-at-home mother (1.8 million), and in spite of a 36,000 increase in the number of families with a stay-at-home father.

Although this article has focused on families with a stay-at-home father (77,000 in 1997), some 210,000 families have fathers at home for other reasons (unemployment, at school, unable to work). Even if some of these men have not chosen to stay at home, and despite whatever time some may spend searching for employment, they are assuming the role of a

stay-at-home parent – performing unpaid work and child care at home. Fathers at home, by choice or otherwise, are sensitizing themselves and their children to a role historically unfamiliar to most men. □

■ Notes

- 1 This includes common-law families.
- 2 R. LaRossa discusses the “negative consequences that have accompanied asynchronous change in the social institution of fatherhood.” He cites several sources that address this issue in detail.

■ References

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Work absences: New data, new insights

by Ernest B. Akyeampong

Previous studies by Statistics Canada have mentioned work schedules and collective agreement provisions as possible factors influencing the level of work absences for personal reasons (absences due to a worker's own "illness or disability" and "personal or family responsibilities") (Akyeampong, 1988, 1992 and 1995). Data from the 1991 and 1995 Survey of Work Arrangements (SWA) now support this hypothesis: work absence rates are indeed higher among employees without flexitime work arrangements (that is, schedules that permit, within limits, some variation of work start and end times), and among those whose collective agreements include paid sick leave and vacation entitlements (for details, see Appendix).

The redesign of the Labour Force Survey (LFS) in 1997 split the personal or family responsibility work absence code into sub-categories (maternity leave, caring for own children, caring for elder relative, and other personal or family responsibilities). As a result, it is now possible to produce work absence estimates that exclude maternity leave and hence are more relevant to those who rely on such statistics for their attendance management policies and practices.

The LFS enhancements also identified more types of worker than was previously possible. It is now possible, for example, to estimate work absence rates by union status, job permanency and firm size.¹

The work absence estimates given here and in a forthcoming statistical compendium (Akyeampong and



The Railway and Commercial Telegraph School, Ottawa, 1906

Usalcas) exclude maternity leave. Estimates for absences due to illness or disability are not affected by the change.

Work absence rates among full-time workers: An overview

In 1997, excluding women on maternity leave, an estimated 5.5% (489,000) of full-time employees missed some work each week for personal reasons: 4.1% for illness or disability and 1.4% for personal or family responsibilities (Table 1). As a result of these absences and their durations, 3.0% of full-time employees' usual work time was lost each week in 1997: about 2.5% to illness or disability and 0.5% to personal or family obligations. On average, each full-time employee lost 7.4 days over the year for personal reasons (about 6.2 for illness or disability and 1.2 for personal or family demands). In total, full-time employees lost an estimated 66 million workdays in 1997 (see *Data source, definitions and measurements*).

Variations in absence levels

Several underlying factors affect absence levels for various demographic groups, industries, occupations and provinces. The effect of any of these factors is difficult to measure. Family circumstances, especially the presence of pre-school aged children and other dependent family members, play a role. So too does the physical health of the worker, which is frequently related to age. Work environment, degree of job stress, employer-employee relations, union coverage and work schedules also have an effect.

These factors interact in a number of ways. Flexitime, for example, is associated with larger firms, as is union coverage. Paid sick leave, too, is more likely to be available through collective agreements and large employers. None of the simple comparisons presented (for example, absence rate differentials based on firm size) can measure the effect of only one variable. While some interactions are noted in this article, a multivariate

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analysis would be required to isolate the influence of each variable on absence rates. The following analysis is limited to differences in average days lost per worker. Differences in incidence and inactivity rates are shown in the tables.

Differences by selected demographic characteristics

In 1997, time lost for personal reasons averaged 6.3 days for men working full time, and 9.1 for women (Table 1). Women lost more work time than men for illness or disability (7.6 days versus 5.3) and personal or family responsibilities (1.5 versus 0.9). The presence of pre-school aged children tends to exert a strong influence on work absences for personal or family responsibilities, especially for women. Men in families with pre-schoolers lost 1.8 days for this reason – about twice the average for all men. For women, the days lost amounted to 4.2 – almost three times the level for all women.

Workdays lost for both men and women also tended to rise with age. For both sexes combined, youths (15 to 24 years) averaged slightly less than 5 days and workers aged 55 to 64 recorded close to 11. This increase can be attributed to illness or disability; days lost to personal or family responsibilities remained around one day per employee for most age groups, with the notable exception of women in their prime child-bearing years (25 to 44), whose level was approximately twice as high, at around 2 workdays in 1997.

Variations by industry and occupation

The nature and demands of a job, the sex composition of the workforce, and the percentage of employees belonging to a union or covered by a collective agreement all contribute to variations in work absence rates by industry and occupation.

Workdays missed for personal reasons were highest (at 8.9 each in 1997) for full-time workers in public administration and in transportation and communication – both highly unionized industries – and lowest in the less-unionized agriculture and trade industries (5.5 and 5.8, respectively) (Table 2). Absences due to illness or disability accounted for most of the difference, as variations in time lost to personal or family demands was minor (ranging from 1.0 for workers in manufacturing and trade to 1.4 days for those in public administration).

By occupation, too, differences arose mainly from time lost to illness or disability (Table 3). Persons in physically demanding and heavily unionized transport equipment operating jobs recorded the most days lost (10.4); those in sales jobs, the fewest (4.9). Workers in white-collar jobs as a group lost fewer workdays (6.7) than those in blue-collar and service jobs (8.4).

Table 1
Absence rates for full-time paid workers, by selected demographic characteristics, 1997

	Incidence *			Inactivity rate **			Days lost per year †		
	Total	Illness or disability	Personal or family responsibilities	Total	Illness or disability	Personal or family responsibilities	Total	Illness or disability	Personal or family responsibilities
	%			%			days		
All employees (15+)	5.5	4.1	1.4	3.0	2.5	0.5	7.4	6.2	1.2
Men	4.6	3.4	1.2	2.5	2.1	0.4	6.3	5.3	0.9
In families with pre-schoolers	4.9	3.0	1.9	2.4	1.7	0.7	5.9	4.2	1.8
Women	6.7	5.1	1.7	3.7	3.0	0.6	9.1	7.6	1.5
In families with pre-schoolers	8.6	5.1	3.5	4.7	3.0	1.7	11.7	7.5	4.2
Both sexes									
15 to 19	4.1	2.9	1.3	1.8	1.5	0.3	4.6	3.7	0.9
20 to 24	4.6	3.2	1.4	2.0	1.5	0.5	5.0	3.9	1.1
25 to 34	5.4	3.7	1.7	2.5	1.9	0.6	6.2	4.7	1.4
35 to 44	5.6	4.2	1.5	3.1	2.6	0.5	7.6	6.4	1.2
45 to 54	5.7	4.6	1.1	3.6	3.2	0.4	8.9	7.9	1.0
55 to 64	6.2	5.2	1.0	4.4	4.0	0.4	10.9	10.0	0.9

Source: Labour Force Survey, annual average

* Absent workers divided by total employed.

** Hours absent divided by hours usually worked.

† Inactivity rate multiplied by working days in year (250).

Data source, definitions and measurements

Most of the data in this article are annual averages from the Labour Force Survey (LFS). The data refer to full-time paid workers holding only one job. Part-time, self-employed and unpaid family workers are excluded, because they generally have more opportunity to arrange their work schedules around personal or family responsibilities. Multiple jobholders are excluded because it is not possible, using LFS data, to allocate time lost, or the reason for it, to specific jobs. Women on maternity leave are also excluded. Employed persons on long-term illness or disability leave (exceeding one year) are included.²

Personal reasons for absence are split into two categories: own illness or disability, and personal or family responsibilities (caring for own children, caring for elder relative, and other personal or family responsibilities) (see *Reasons for work absences in the LFS*). Absences for these two reasons repre-

sented about 27% of all time lost by full-time paid workers each week in 1997. Vacations, which accounted for about 49% of total time away from work, are not counted in this study, nor are statutory holidays, which represented 11%. Maternity leave and other reasons represented 7% each.

The **incidence of absence** is the percentage of full-time paid workers reporting some absence in the reference week. In calculating incidence, the length of work absence – whether an hour, a day, or a full week – is irrelevant.

The **inactivity rate** shows hours lost as a proportion of the usual weekly hours of full-time paid workers. It takes into account both the incidence and length of absence in the reference week.

Days lost per worker are calculated by multiplying the inactivity rate by the estimated number of working days in the year (250).

Differences by province

Work absence levels also vary by province. Once again, most variations in work time lost can be traced to illness or disability, though some are explained by personal or family responsibilities: in New Brunswick and Saskatchewan the latter differed considerably from the overall level of 1.2 days (at 0.8 and 1.6, respectively) (Table 4). For both reasons combined, full-time workers in British Columbia and Quebec recorded as many as 8.8 and 8.4 days lost. At the other end of the spectrum, those in Alberta recorded just 6.5 days lost and in Ontario, 6.6.

Differences by union status, firm size and job permanency

It is now possible to estimate work absence rates according to union status, firm size and job permanency. LFS data show that full-time workers who belonged to unions and/or were covered by collective agreements

Table 2
Absence rates for full-time paid workers by industry, 1997

	Incidence *			Inactivity rate **			Days lost per year †		
	Total	Illness or disability	Personal or family responsibilities	Total	Illness or disability	Personal or family responsibilities	Total	Illness or disability	Personal or family responsibilities
	%			%			days		
All Industries	5.5	4.1	1.4	3.0	2.5	0.5	7.4	6.2	1.2
Goods-producing industries	5.2	3.8	1.4	2.9	2.5	0.4	7.3	6.2	1.1
Agriculture	4.3	3.0	--	2.2	1.8	--	5.5	4.6	--
Other primary	4.5	3.2	1.3	2.7	2.2	0.5	6.8	5.5	1.3
Manufacturing	5.5	4.1	1.4	3.1	2.7	0.4	7.7	6.7	1.0
Construction	4.4	3.1	1.3	2.5	2.1	0.5	6.3	5.1	1.2
Utilities	4.9	3.3	1.6	2.5	2.0	0.5	6.2	4.9	1.3
Service-producing industries	5.4	4.1	1.4	2.9	2.4	0.5	7.3	6.1	1.2
Transportation and communication	5.6	4.4	1.2	3.6	3.1	0.5	8.9	7.6	1.3
Trade	4.8	3.4	1.4	2.3	1.9	0.4	5.8	4.8	1.0
Finance, insurance and real estate	4.9	3.4	1.4	2.4	1.9	0.5	6.0	4.7	1.3
Services	5.8	4.4	1.4	3.1	2.6	0.5	7.9	6.6	1.3
Public administration	6.9	5.2	1.7	3.6	3.0	0.6	8.9	7.5	1.4

Source: Labour Force Survey, annual average

* Absent workers divided by total employed.

** Hours absent divided by hours usually worked.

† Inactivity rate multiplied by working days in year (250).

Table 3
Absence rates for full-time paid workers by occupation, 1997

	Incidence *			Inactivity rate **			Days lost per year †		
	Total	Illness or disability	Personal or family responsibilities	Total	Illness or disability	Personal or family responsibilities	Total	Illness or disability	Personal or family responsibilities
	%						days		
All occupations	5.5	4.1	1.4	3.0	2.5	0.5	7.4	6.2	1.2
White-collar	5.4	3.9	1.5	2.7	2.2	0.5	6.7	5.4	1.3
Managerial/administrative	4.8	3.3	1.5	2.2	1.7	0.5	5.4	4.2	1.2
Professional	5.8	4.5	1.3	3.2	2.6	0.5	7.9	6.6	1.3
Clerical	6.1	4.4	1.7	3.0	2.4	0.6	7.5	6.1	1.4
Sales	4.1	2.9	1.2	2.0	1.6	0.4	4.9	4.0	1.0
Service	5.5	4.3	1.2	3.4	2.9	0.4	8.4	7.3	1.1
Blue-collar	5.7	4.4	1.3	3.4	2.9	0.4	8.4	7.3	1.1
Primary	4.4	3.3	1.1	2.6	2.2	0.4	6.6	5.6	1.0
Processing, machining and fabricating	6.0	4.5	1.4	3.3	2.9	0.4	8.4	7.4	1.0
Construction	5.0	3.7	1.3	3.0	2.5	0.5	7.5	6.4	1.2
Transport equipment operating	6.1	4.9	1.2	4.2	3.6	0.5	10.4	9.1	1.3
Material handling and other crafts	5.9	4.7	1.2	3.4	3.0	0.4	8.5	7.5	1.0

Source: Labour Force Survey, annual average

* Absent workers divided by total employed.

** Hours absent divided by hours usually worked.

† Inactivity rate multiplied by working days in year (250).

Table 4
Absence rates for full-time paid workers by province, 1997

	Incidence *			Inactivity rate **			Days lost per year †		
	Total	Illness or disability	Personal or family responsibilities	Total	Illness or disability	Personal or family responsibilities	Total	Illness or disability	Personal or family responsibilities
	%						days		
Canada	5.5	4.1	1.4	3.0	2.5	0.5	7.4	6.2	1.2
Newfoundland	5.0	3.7	1.3	3.0	2.4	0.6	7.4	6.0	1.4
Prince Edward Island	5.5	4.0	1.4	3.1	2.6	0.5	7.7	6.4	1.3
Nova Scotia	5.3	4.1	1.2	2.8	2.4	0.4	7.1	6.1	1.0
New Brunswick	5.0	4.1	1.0	2.9	2.6	0.3	7.3	6.5	0.8
Quebec	5.7	4.5	1.2	3.4	3.0	0.4	8.4	7.4	1.0
Ontario	5.0	3.6	1.4	2.6	2.2	0.5	6.6	5.4	1.1
Manitoba	6.4	4.7	1.6	3.2	2.7	0.5	8.0	6.6	1.3
Saskatchewan	6.3	4.4	1.9	3.0	2.3	0.6	7.4	5.8	1.6
Alberta	5.5	3.9	1.6	2.6	2.1	0.5	6.5	5.1	1.3
British Columbia	6.4	4.8	1.6	3.5	2.9	0.6	8.8	7.3	1.5

Source: Labour Force Survey, annual average

* Absent workers divided by total employed.

** Hours absent divided by hours usually worked.

† Inactivity rate multiplied by working days in year (250).

Table 5
Absence rates for full-time paid workers by firm size, union status and job permanency, 1997

	Incidence *			Inactivity rate **			Days lost per year †		
	Total	Illness or disability	Personal or family responsibilities	Total	Illness or disability	Personal or family responsibilities	Total	Illness or disability	Personal or family responsibilities
	%						days		
All firms	5.5	4.1	1.4	3.0	2.5	0.5	7.4	6.2	1.2
Under 20 employees	4.8	3.3	1.5	2.5	2.0	0.5	6.2	4.9	1.3
20 to 99 employees	5.5	4.2	1.4	2.9	2.5	0.4	7.3	6.2	1.1
100 to 500 employees	5.9	4.6	1.3	3.3	2.9	0.5	8.3	7.2	1.1
Over 500 employees	6.2	4.8	1.4	3.6	3.1	0.5	9.0	7.8	1.2
Union status									
Union member or covered by collective agreement	7.1	5.7	1.4	4.3	3.8	0.5	10.7	9.4	1.3
Not a union member	4.6	3.2	1.4	2.2	1.8	0.4	5.6	4.5	1.1
Job status									
Permanent	5.6	4.2	1.4	3.0	2.6	0.5	7.6	6.4	1.2
Non-permanent	4.5	3.1	1.4	2.2	1.7	0.5	5.4	4.2	1.2

Source: Labour Force Survey, annual average

* Absent workers divided by total employed.

** Hours absent divided by hours usually worked.

† Inactivity rate multiplied by working days in year (250).

missed almost twice as many work-days for personal reasons as their non-unionized counterparts (10.7 versus 5.6) (Table 5). Absences due to illness or disability accounted for most of the difference. This is not surprising, since most, if not all, collective agreement provisions include paid sick leave entitlements.

Full-time workers who considered their jobs to be permanent (who were also more likely to be unionized) lost on average more workdays for personal reasons (7.6) than those who said their jobs were not permanent (5.4).

Days lost for personal reasons also tended to increase with firm size. They ranged from a low of 6.2 in firms with fewer than 20 employees to a high of 9.0 in firms with more than 500 employees. This is also to be expected, given that the likelihood of union coverage (and paid sick leave entitlement) rises with firm size (Akyeampong, 1997).

Time lost for personal or family responsibilities was around 1.1 to 1.3 days, regardless of workers' union status or job permanency and regardless of the size of firm in which they were employed.

Conclusion

Recent initiatives undertaken by Statistics Canada have improved the quality, diversity, usefulness, and understanding of the Agency's data on work absences. In particular, the splitting of the absence code for personal or family responsibilities now permits the removal of maternity leave so that more useful estimates can be provided to managers and human resources staff. Similarly, there is now some evidence that union coverage, job permanency, and availability of paid sick leave entitlements and flexible work options do indeed have an effect on work absence levels.

Absences due to illness or disability appear to be on the rise. They have inched up from 6.0 days per full-time employee in 1993 to 6.2 days in 1997. The aging of the workforce may be one factor. Increased availability of paid sick leave entitlements (if this is truly the case) may be another.³ And, as many believe, growing stress in the workplace as a result of corporate restructuring and downsizing may also be having an effect.

With maternity leave removed, 1997 work absence rates for personal or family responsibilities were similar for most worker groups, at around 1.0 to 1.5 days. The only exceptions were those for workers in families with preschoolers. For these people the rates were higher, especially among women (4.2 days versus 1.8 for men), implying that women still face greater challenges in balancing work and family responsibilities. □

Reasons for work absences in the LFS

The earlier version (pre-1997) of the LFS grouped the reasons for being away all or part of the week as follows:

- illness or disability
- personal or family responsibilities
- weather (part-week absence)
- labour dispute
- vacation
- holiday (part-week absence)
- working short time (part-week absence)
- laid off during week
- new job started during week
- seasonal business (full-week absence)
- other

Previous studies referred to the first two reasons as absences from work for personal reasons.

Reasons for time lost to illness or disability included medical or dental appointments and other temporary health-related absences. Absence for personal or family responsibilities included taking care of children, attending funerals, appearing in court, serving on a jury, and taking care of a sick family member. Longer absences, such as maternity leave, were also included.

The redesigned LFS, whose 1997 estimates are used in this study, sets out the following reasons for being away from work:

- own illness or disability
- caring for own children
- caring for elder relative (60 years or older)
- maternity leave (women only)
- other personal or family responsibilities
- vacation
- labour dispute (strike or lockout)
- temporary layoff due to business conditions
- holiday (legal or religious)
- weather
- job started or ended during week
- working short time (because of material shortages, plant maintenance or repair, for instance)
- other

Illness or disability remain unchanged, and personal or family responsibilities now consist of caring for own children, caring for elder relative and other personal or family responsibilities.

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Notes

1 Though Statistics Canada has, under the *Corporations and Labour Unions Returns Act* (CALURA), collected and published union data for more than 30 years, it was impossible to generate meaningful absence rates from these data.

2 Some human resources practitioners exclude persons on long-term illness or disability leave (exceeding one year) from their attendance management statistics. Such persons are, however, included in the Agency's work absence estimates if they

count themselves as employed (that is, they continue to receive partial or full pay from their employer). In 1997, the number of employed persons on such long-term illness or disability leave averaged only 13,000 in a typical week. Their exclusion would have reduced the weekly work absence incidence for illness or disability from 4.1% to 4.0%, the inactivity rate from 2.5% to 2.3%, and days lost per worker from 6.2 to 5.9.

3 The 1995 SWA marks Statistics Canada's first comprehensive data on paid sick leave entitlements. For details on this and other non-wage benefits in the workplace, see Akyaempong (1997).

Appendix

LFS redesign; development of the SWA

Unanticipated needs for survey data often arise only after a survey has been designed. Nevertheless, because users can see some useful proxies to their required information, they come to rely on the survey's findings. When the survey is later revised, their applications of the data can often be better accommodated.

This is exactly how the work absence data from the LFS evolved. The previous survey redesign in 1975 took place long before a user community for this information emerged. That response, in the late 1980s, inspired some of the most recent revisions to the survey.

Specifically, prior to 1997, the personal or family responsibilities category had included maternity leave, a reason for absence not usually addressed by attendance management policies. Various studies had consistently drawn attention to the problem of including this sub-category (Akyeampong, 1988, 1992 and 1995; Statistics Canada, 1995). The revision also created additional sub-categories: caring for own children, caring for elder relative, and other personal or family responsibilities (see *Reasons for work absences in the LFS*).

The elimination of maternity leave from the statistics led to an overall decline in work absence estimates for personal or family responsibilities, particularly for some groups of women. The overall weekly incidence dropped from 2.2% to 1.4%. And since maternity leaves are more likely to be full-week absences, the declines in the inactivity rate, or days lost per worker, were even greater (see *Data source, definitions and measurements*).

Data from the redesigned LFS show that 75,000 women were on maternity leave in a typical week in 1997. This is higher than the aggregate of women who were absent to care for their own children (12,000) or an elder relative (slightly over 1,000), or for other personal or family responsibilities (48,000).

Unfortunately, improvements do not come without a price. Since the pre-1997 estimates could not be adjusted to conform to the changes, the old time series had to be abandoned and a new one started with the estimates given here and elsewhere (Akyeampong and Usalcas, forthcoming). The redesign involved no changes to the own illness or disability code.

The need to substantiate statements about work absences for personal reasons was an underlying consideration in the development of the Survey of Work Arrangements (SWA), conducted as a Supplement to the Labour Force Survey in November 1991 and again in November 1995. (The latter was funded by Human Resources Development Canada.) For example, it had been argued that a person with a flexible work arrangement could simply adjust his or her start and end work times, rather than call in absent in order to see a physician. Thus, persons with such work schedules would be expected to have lower absence rates. Similarly, all things being equal, persons with paid sick leave entitlements would be expected to miss more workdays for sickness than someone who would have to forfeit wages.

Indeed, according to the 1995 SWA, workers with flexitime work arrangements were less likely to report missing some work during the survey reference week because of their own illness or disability than people without such an option (3.4% versus 4.0%). In the same reference week, 4.3% of employees with paid sick leave reported such an absence, compared with 3.2% of those without such entitlements.

An international comparison of employee training

Constantine Kapsalis

There is increasing recognition that skills development is a lifelong process. Employees enter the labour force with skills acquired primarily through their initial schooling. Over their working lives, they maintain and upgrade their education "stock" through a "flow" of training, reinforced by practical experience. Put simply, in the same way that capital needs continuous investment to replace what has been depreciated and to meet new production requirements, employees also need an ongoing flow of training investment to maintain and upgrade their skills.

Canada has a strong education record. Along with the United States, it has the highest percentage of employees with some postsecondary education, almost double that of countries like Germany, the Netherlands or Switzerland. However, some believe that "Canadian industry is not making adequate investments in training" (Betcherman, 1992).

In the past, it has been difficult to compare Canada's training effort with that of its competitors. Despite the importance of international comparisons, "little is actually known on basic empirical questions such as what the extent and nature of training actually are.... This state of affairs is due partly to the complexity of the issues and partly to the limited availability of training statistics. It is also due to the quality of the data currently available" (OECD, 1991).

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Typing class, London, Ontario

This article uses data from the 1994 International Adult Literacy Survey (IALS) to examine employee training in the seven participating countries: Canada, the United States, Switzerland, the Netherlands, Poland, Germany, and Sweden. The IALS is the first major effort to gather consistent international data on literacy and training (OECD and Statistics Canada, 1995). For the first time, it is possible to address important literacy and training questions without being hampered by a lack of comparable training data (see *About the survey*). (For another source of Canadian data, see *Adult Education and Training Survey*.)

The results presented here are from the Canadian perspective. However, the objective of the study is not simply to see how well Canada is doing relative to the other countries, but also to find out what lessons can be learned from the combined experiences of different countries.

Training effort

Training effort is often measured in terms of incidence (percentage of employees who received training) and hours of training per *trainee*. A more comprehensive gauge of training effort over time and across countries is average training hours per *employee*.²

In this respect, Canada's training effort relative to that of other countries surveyed was average. The average Canadian employee received 44 hours of training in 1994 (Table 1). This includes all types of training: employer-supported, government-supported, and self-supported. Average hours per employee were similar to those in Switzerland, the United States and Germany, but considerably less than those in the Netherlands (74 hours per employee).³

Hours of training per employee in Canada and the United States in 1994 were virtually identical. This comparison is important because of the

About the survey

The IALS, conducted during the autumn of 1994, combined the techniques of household-based surveys with those of educational testing. One of the background questions determined each respondent's training history:

"During the past 12 months, that is, since August 1993, did you receive any training or education including courses, private lessons, correspondence courses, workshops, on-the-job training, apprenticeship training, arts, crafts, recreation courses or any other training or education?"

Respondents were then given open-ended test questions in the official language of their country (a choice was provided to participants in Canada and Switzerland). Statistics Canada's experience with bilingual questionnaires aided in the design of this project. If respondents were unable to speak the designated language, efforts were made to complete the background questionnaire to allow estimates of their literacy levels and to reduce the possibility of distorted results.

Representative samples of the civilian, non-institutionalized population

aged 16 to 65 were drawn from each country. Canada and some other countries also included older adults. Sample yields ranged from 2,062 (Germany) to 4,500 (Canada).

As the focus of this article is on the lifelong training of employees, the sample has been restricted to full-time employees between 25 and 60 who worked at least 42 of the last 52 weeks preceding the survey.¹ The self-employed, although a growing share of the workforce, are not included in the analysis since the article looks at employer-supported training.

Table 1
Selected training statistics, 1994

	All training			Employer-supported		
	Incidence	Per trainee	Per employee	Incidence	Per trainee	Per employee
	%	hours	hours	%	hours	hours
Netherlands	48	154	74	38	138	52
Switzerland	46	110	50	29	85	24
United States	53	86	45	42	69	29
Canada	43	104	44	33	83	27
Germany *	23	181	42	...	...	...
Poland	24	157	29	17	118	16
Sweden **	62	..	..	..	..	..
	Employee-supported			Government-supported		
	Incidence	Per trainee	Per employee	Incidence	Per trainee	Per employee
	%	hours	hours	%	hours	hours
Netherlands	14	156	21	3	--	--
Switzerland	22	106	23	7	--	--
United States	12	108	13	4	--	--
Canada	15	121	18	5	--	--
Germany *	...	...	...	...	...	...
Poland	6	259	14	1	--	--
Sweden **	..	..	..	..	..	..

Source: International Adult Literacy Survey, 1994

Notes: May not add to totals because some training may be supported by more than one source, or sources not specified. Order of countries is based on hours per employee for all training.

* Source of training support was collected, but the data are not comparable.

** Data include the self-employed. No data were collected for hours of training or source of training support.

countries' extensive trade links. Also, Canada-U.S. comparisons are more meaningful than those with other countries because of the similarities between the two countries – including the extensive use of postsecondary education. By contrast, comparisons with European countries may be more useful as broad indicators than as precise measures.

Sources of support

The two most common sources of financial support for training were employers and employees themselves. Government-supported training was considerably less frequent. In general, employer-supported training covered more employees than did employee- (or self-) supported training, but it involved fewer hours per trainee. In all countries, in terms of average hours per employee, employer-supported training exceeded self-supported training.⁴

In the case of Canada, 33% of employees received employer-supported training, while 15% received training on their own (Table 1). A much smaller percentage (5%) received government-supported training. On average, employer-supported training involved fewer hours than employee-supported training (83 versus 121 hours per trainee).⁵

Canada's balance between the two types of training, in terms of average hours per employee, was also similar to the average for other countries covered in the survey. Canadian employees tended to receive somewhat more training on their own, while Americans obtained more through their employers.

Demand for training

Overall, Canada had the highest incidence of employees who wanted more training for career- or job-related reasons (33%). The explanation for this is far from simple, but it could mean at

Chart
One-third of Canadian employees want more training.



Source: International Adult Literacy Survey, 1994

Note: Information was not collected for Germany or Sweden.

least two things: the lower the level of training, the greater the amount of unfulfilled demand for training; and the more training employees receive, the more they tend to want. Regardless of the interpretation, Canadian employees do seem more willing to undertake further training than those in other countries (Chart and Table 2).

Training and employee characteristics

The relationship between the incidence of training and employee characteristics was similar in all seven countries. Furthermore, groups with a higher incidence of employer-supported training often had a higher incidence of self-supported training, perhaps a reflection of these workers' perception of their need for training.

Women and employees in small firms generally received less employer-supported training than men or employees of large firms. This

was the case for all participating countries. In spite of being more likely to report a preference for more training, employees in these two groups received relatively less support.

Finally, in all countries, level of education, level of literacy and incidence of training were strongly linked in a "virtuous cycle" (Figure).

Conclusion

Analysis of the IALS data shows that Canada has strengths in the area of education and training on which it can build. These strengths include a high percentage of employees who would like more career- or job-related training.

Employers play an important role in promoting training. However, self-employed and contingent employees, who make up a growing share of the labour force, typically do not benefit from employer-supported training. Moreover, this training tends to be

Table 2
Incidence of training by employee and job characteristics, 1994

	Age			Sex		Education *		Document literacy *		Company size		Wages *	
	25-34	35-44	45-60	Men	Women	Low	High	Low	High	<100	100+	Low	High
% of employees													
All training													
Netherlands **	54	48	41	47	54	45	61	36	54	..	..	44	52
Switzerland	54	48	37	46	48	42	64	33	56	38	52	36	55
United States	53	54	52	51	54	37	71	37	64	39	59	53	70
Canada	47	51	30	45	39	31	56	27	50	41	44	31	49
Germany	26	24	20	21	29	20	34	13	28	19	27	24	25
Poland	27	24	20	23	25	18	44	20	35	23	25	19	31
Sweden **	62	64	61	59	67	57	73	50	65	..	..	58	64
Employer-supported													
Netherlands **	41	40	33	39	35	35	49	26	43	..	..	31	44
Switzerland	31	28	27	30	26	26	41	21	35	21	35	20	36
United States	41	44	42	42	42	29	57	28	52	26	49	40	60
Canada	35	40	25	36	28	23	45	18	40	27	35	23	38
Germany ***	...	...	...	...	...	...	...	...	...	...	...	...	...
Poland	18	18	16	18	16	15	27	15	24	15	20	13	24
Sweden †	..	..	..	..	..	..	..	..	..	..	..	..	..
Employee-supported													
Netherlands **	19	11	8	10	25	12	18	11	14	..	..	17	11
Switzerland	31	24	12	19	29	21	28	14	28	21	23	22	22
United States	14	11	12	12	12	5	20	6	16	14	11	12	19
Canada	22	17	8	15	16	7	24	9	18	19	14	14	17
Germany ***	...	...	...	...	...	...	...	...	...	...	...	...	...
Poland	10	5	3	5	8	3	19	3	14	8	4	6	7
Sweden †	..	..	..	..	..	..	..	..	..	..	..	..	..
Want more job-related training													
Netherlands **	26	22	15	20	27	20	27	19	23	..	..	21	23
Switzerland	34	33	21	29	31	30	27	29	30	31	29	30	31
United States	30	30	22	26	29	21	35	20	32	27	28	27	36
Canada	36	36	27	31	35	28	38	33	32	43	29	32	32
Germany ††	..	..	..	..	..	..	..	..	..	..	..	..	..
Poland	18	16	12	16	15	11	30	12	23	14	17	14	19
Sweden ††	..	..	..	..	..	..	..	..	..	..	..	..	..

Source: International Adult Literacy Survey, 1994

Note: Order of countries is based on hours per employee for all training.

* See note 6.

** Information was not collected on company size for the Netherlands or Sweden.

*** Source of training support was collected, but the data are not comparable.

† Data include the self-employed. No data were collected for hours of training or source of training support.

†† Information was not collected for Germany or Sweden.

geared to present job requirements, while much of the demand for training comes from individuals who know they must upgrade their skills for new jobs. This suggests that public education institutions will be under increasing pressure to meet the training needs of the workforce.

Two areas that require further study are employer-supported training of female employees and of workers in small businesses. Both issues are complex. For example, the gender gap in employer-supported training may reflect the concentration of women in certain occupations, as well as the conflict between workplace and family demands. Similarly, the lower incidence of such training in small businesses may reflect, for example, a higher reliance on informal on-the-job training, or the absence of a formal human resource function. □

Acknowledgements

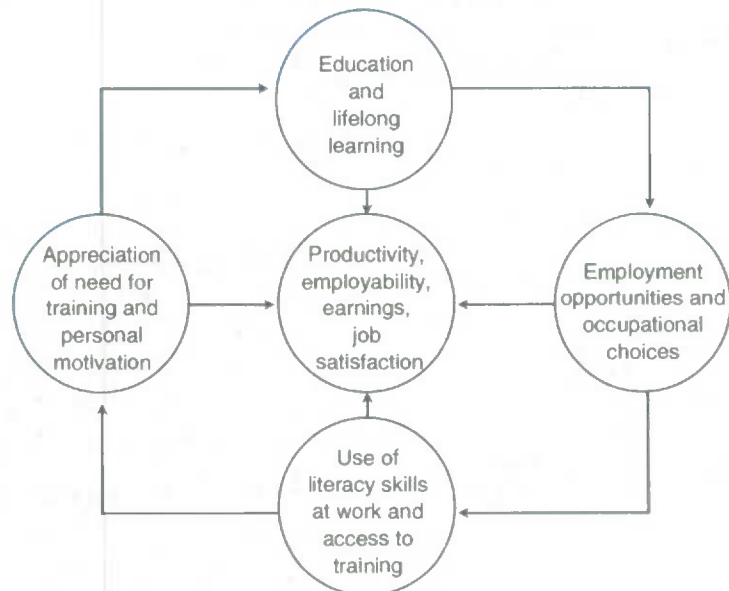
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Notes

1 The objective of the age cut-off was to exclude employees who may still have been students, and employees who were nearing retirement. The 42-week employment cut-off was meant to ensure that employees had an employer most of the year.

2 "Hours per employee" is the incidence rate multiplied by average hours of instruction per trainee. For example, if the incidence rate is 25% and the average hours per trainee is 400, the average hours of training per employee will be 100.

Figure
The education-literacy-work virtuous cycle



The education-literacy-work virtuous cycle

Employees with better education and training have a better chance of securing better-paying jobs demanding more skills. This background allows them to use their skills at work, and provides better access to employer-supported training. Jobs requiring more skills also create a stronger appreciation of the importance of training, which is a key motivator for taking further training and education. The above virtuous cycle is usually reinforced by the interaction of literacy skills used at work and at home.

Hours per employee is a more comprehensive measure because it combines information on both the extent (incidence) and intensity (hours per trainee) of training.

3 Also, Canada's training effort was probably less than Sweden's. The latter had the highest incidence of training. However, no information exists on that country's hours of training, which would be necessary for a complete assessment of its training effort.

4 No information was available on training support for Sweden. Information for Germany was available but not comparable with that for the other countries.

5 Because of sample limitations, it was not possible to estimate the average hours of government-supported training.

6 Because of institutional differences between countries, and sample size limitations, the education codes were collapsed into two broad categories: low corresponds roughly to secondary education or less; high corresponds roughly to postsecondary education.

Document literacy refers to the knowledge and skills required to locate and use information in various formats, including job applications, payroll forms, transportation schedules, maps, tables and graphics. These tasks were scored on a scale from 0 to 500. Low scores were from 0 to 275; high scores were from 276 to 500.

Wages are expressed as either low (first three quintiles) or high (fourth and fifth quintiles).

Adult Education and Training Survey

The Adult Education and Training Survey (AETS), a supplement to the regular Labour Force Survey, has been sponsored by Human Resources Development Canada, and conducted by Statistics Canada, a number of times. The 1994 survey, which covered activities during 1993, provided some findings similar to the IALS. Details can be found in Couillard et al. (1997), de Broucker (1997) and Kapsalis (1996). The survey collected information on education and training activities of people aged 17 and over. The report on the survey focused more on job-related education or training and excluded students enrolled full time in certificate, diploma or degree programs (unless they were supported by their employer). Although the two surveys' definitions, age groups and scope differ, some of the AETS results parallel those of the IALS and are presented below.

Total training effort

According to the AETS, 5.8 million or 28% of Canadians aged 17 and over participated in adult education or training activities in 1993. On average, participants engaged in 103 hours per trainee, or about 29 hours per Canadian adult overall. For those employed full time, the participation rate was 39% and the number of hours of training per trainee was 88 on average – or 34 per full-time employee.

Support for job-related training

More than 4 million Canadians took part in some form of *job-related* training in 1993. This represented 20% of the population aged 17 and over. Among those employed full time, 31% reported taking job-related education or training in 1993. To break this down

further, 25% of full-timers received some support from their employer for their job-related training (that is, employer-sponsored), while 6% received no assistance (non employer-sponsored).

Desire for training

The AETS found that 26% of Canadians had unsatisfied training wants in 1993. A higher proportion of those already participating in training expressed this opinion (37%) than did non-participants (21%). Women were more likely than men to make this claim (29% versus 23%). Among training participants, 41% of women and 32% of men had unsatisfied training wants.

Training by characteristics of employees

Like the IALS, the AETS found that workers' participation in job-related training diminished with age: 25 to 34, 30%; 35 to 44, 31%; 45 to 54, 27%; 55 to 64, 12%. However, unlike IALS, the AETS found little difference in rates for working men (26%) and working women (27%). Workers with more education were more likely to engage in such training: 0 to 8 years, 6%; some secondary, 14%; high school graduation, 22%; some postsecondary, 36%; post-secondary certificate or diploma, 33%; university degree, 41%. According to the AETS, job-related training participation is also positively related to company size: under 20 employees, 19%; 20 to 99, 26%; 100 to 199, 36%; 200 to 499, 33%; 500 and over, 42%. Finally, workers with higher incomes had higher rates (selected results): less than \$15,000, 20%; \$25,000 to \$29,999, 27%; \$40,000 to \$49,999, 37%; \$60,000 to \$74,999, 52%.

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RRSP contributions and withdrawals: An update

Ernest B. Akyeampong

Annual contributions to registered retirement savings plans (RRSPs) rose from an estimated \$15.0 billion in 1991 to \$26.2 billion in 1996. This represented an increase of 74%. Over the same period, the number of contributors to RRSPs increased from an estimated 4.7 million to almost 6 million, a rise of 28%. Withdrawals from RRSPs also rose, but at a slower pace. They increased from \$3.2 billion to \$4.4 billion, a jump of 39%.

This study briefly examines some of the factors underlying growth in RRSP contributions in recent years. It also explains how, and why, the composition of total contributions has changed. Regional differences in RRSP participation are examined for 1995, the latest year for which data are available. The article concludes with a few remarks on withdrawals.

Factors underlying growth in contributions

Several factors are responsible for the growth of RRSP contributions. Changes to the *Income Tax Act* in 1990, which increased RRSP contribution opportunities for most taxpayers (Frenken and Maser, 1993), have had an effect,¹ as have improvements in the economy – notably the growth in employment since 1993. Growing uncertainty about the future of the government-sponsored Canada and Quebec Pension Plan (C/QPP) and Old Age Security/Guaranteed Income Supplement programs, and more effective marketing strategies by financial institutions, have encouraged greater RRSP participation. Finally, lower participation in employer-sponsored registered pension plans in recent years and growth in group



Bank interior, early 1900s

RRSPs have also probably played a role. This interplay of factors has led to the increase in both the number and percentage of taxpayers eligible to make normal RRSP contributions (RRSP eligibility rate). It has also spurred growth in the percentage of eligible taxpayers who make contributions (RRSP participation rate) and in the dollar amount they put aside.

Between 1991 and 1995, the RRSP eligibility rate rose from 75% to 80%. Over the same period, the RRSP participation rate increased from 32% to 35%, and the average amount contributed, from \$2,694 to \$3,537 (Chart). Despite these increases, RRSPs still remain underused by Canadians (Frenken, 1998).

Changing composition of RRSP contributions

RRSP contributions fall into three categories, whose proportions have shifted as a result of new legislation implemented in recent years.

The so-called “normal” contributions, namely, those charged against taxpayers’ available deduction limits

(RRSP room), have formed the largest component. These RRSPs have their origin in a 1957 amendment to the *Income Tax Act*. Thanks to the factors previously noted, normal contributions nearly doubled between the 1991 amendment to the Act and 1996, from \$12.3 billion to \$22.7 billion (Table 1).

The second category, commonly referred to as retiring allowance rollovers (tax-free transfers to RRSPs of certain types of lump sum amounts received by employees when they retire from or terminate work), were first permitted in 1966. A 1995 amendment now allows them only for service with an employer prior to 1996. Because the volume of these rollovers is dictated by layoff and retirement patterns, contributions rose considerably following extensive layoffs in the early 1990s, from \$2.0 billion in 1991 to \$3.4 billion in 1995. By 1996, they had reached \$3.5 billion. As a consequence of the 1995 amendment, this type of contribution is expected to disappear gradually.

The third category, generally known as spousal rollovers (the

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Table 1
RRSP contributors and contributions, 1991 to 1996

	Total		Normal contributions		Spousal rollovers		Retiring allowance rollovers	
	Contributors	Amount	Number	Amount	Number	Amount	Number	Amount
	'000	\$ millions	'000	\$ millions	'000	\$ millions	'000	\$ millions
1991	4,699	15,033	4,558	12,284	148	721	88	2,028
1992	4,892	16,439	4,739	13,533	160	781	95	2,125
1993	5,110	19,177	4,953	15,547	167	848	107	2,782
1994	5,425	21,268	5,265	17,436	166	861	118	2,971
1995	5,707	23,392	5,650	19,984	...	...	125	3,408
1996 ^p	5,996	26,200	5,930	22,700	...	...	130	3,500

Source: RRSP room file

Note: Retiring allowance rollovers for all years and spousal rollovers for 1994 have been revised from previous published data.

transfer of benefits from employer-sponsored pension plans to spouses' RRSPs), came into effect in 1974. Spousal rollovers rose from \$721 million in 1991 to \$861 million in 1994, the last year they were allowed. (For a fuller description of RRSP rollover opportunities and a look at how the legislation affecting them has changed in recent years, see Frenken, 1996b.)

The above-noted amendments have contributed to a change in the composition of total RRSP contributions over time. For example, in 1991 normal contributions accounted for approximately 82% of the total, retiring allowance rollovers 13%, and spousal rollovers 5%. By 1996, the disallowance of spousal rollovers had been offset by a similar percentage-point gain in normal contributions (then accounting for 87% of all contributions).

Provincial and territorial variations

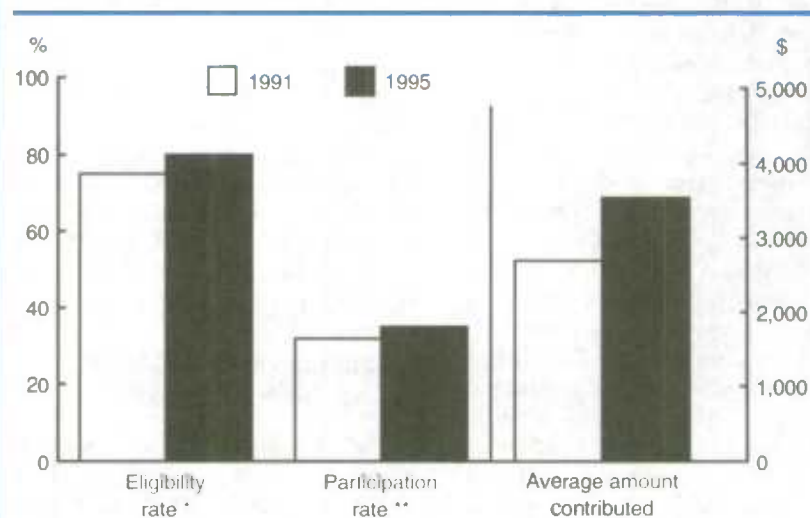
Past studies in *Perspectives* and elsewhere have shown that RRSP participation, as well as the average dollar amount contributed, varies by sex, age and income: contributions are generally higher among men, older workers and higher income groups

(Aldridge, 1997; Frenken, 1990; Maser, 1995). However, not much has been written about regional differences, even though the implications (for retirement incomes, and the marketing of RRSPs, for example) may be equally interesting. This update uses the most recent data available (1995) to examine regional participation

in RRSPs. The analysis is limited to normal contributions, which accounted for 85% of total contributions that year.

Factors affecting eligibility rates include sources of income and the suitability of such sources for RRSPs. All things being equal, regions whose

Chart
Only 35% of those eligible participated in RRSPs in 1995.



Source: RRSP room file

* Proportion of taxfilers with normal contribution room.

** Contributors to normal RRSPs as a percentage of eligible contributors.

residents depend more heavily on government transfers, an income category ineligible for RRSPs, might be expected to have lower eligibility rates. Conversely, regions where a larger proportion of residents have employment income would probably have higher eligibility rates.

Factors influencing participation rates include the savings habits of residents and their demographic composition (age, sex, income and educational attainment distribution), as well as the availability of RRSP contribution room. In addition, rates may be affected by the composition of the workforce (self-employed versus employee, private versus public sector). For example, the existence of more generous pension plans in the public sector could reduce or even eliminate the incentive for some of these workers to contribute to RRSPs.

Finally, the amounts set aside for normal contributions are influenced by income, demographic composition of each region, size of RRSP room, and extent of participation in an employer-sponsored pension plan, as well as by

the composition of the workforce. All things being equal, regions whose residents command higher employment earnings would likely make larger dollar contributions. Similarly, one would expect regions with higher employer-sponsored pension plan coverage to see RRSP contributions reduced by the pension adjustment (PA) factor.² With these points in mind, what were the regional differences in 1995?

According to the data, taxfilers in the Yukon and Northwest Territories had the highest RRSP eligibility rates. More than 90% of taxfilers in those two areas had RRSP room and hence were eligible to contribute (Table 2). The national rate was 80%. Among the provinces, eligibility was high in Alberta (84%) and Prince Edward Island (83%), and relatively low in Manitoba (77%).

In terms of RRSP participation rate, Saskatchewan, Alberta and British Columbia led the country at 38%, followed closely by Ontario (37%) and Manitoba (36%). Rates in Quebec (34%) and in each of the Atlantic provinces were below the national

average of 35%. In the Maritime provinces, only one in four eligible taxfilers contributed to RRSPs, and in Newfoundland, just one in five did. Despite their high eligibility, taxfilers in the Yukon and Northwest Territories participated at rates below the national average.

Although eligible taxfilers in the Territories were less inclined to contribute to RRSPs, those who did so set aside much more money than their counterparts in the rest of Canada. The average normal contribution in the Northwest Territories was \$4,632 in 1995, and in the Yukon, \$4,065. Contributions in British Columbia (\$3,875), Ontario (\$3,749) and Alberta (\$3,597) exceeded the national average (\$3,537). Average levels for those in the remaining provinces were lower than overall, especially in Manitoba (\$2,997) and Newfoundland (\$2,948).

Withdrawals

RRSP withdrawals by taxfilers under 65, traditionally regarded as the normal retirement age, are closely related to the health of the economy and to personal circumstances. They

Table 2
Normal RRSP eligibility, participation rates and average contributions, by province/territory, 1995

	All taxfilers	Eligible taxfilers	Eligibility rate*	Contributors	Participation rate**	Average amount contributed
	'000	'000	%	'000	%	\$
Canada	20,028	16,047	80.1	5,650	35.2	3,537
Newfoundland	380	305	80.4	63	20.8	2,948
Prince Edward Island	93	77	83.0	19	24.6	3,113
Nova Scotia	632	502	79.4	135	27.0	3,101
New Brunswick	528	417	79.0	102	24.5	3,192
Quebec	4,995	3,948	79.0	1,323	33.5	3,174
Ontario	7,490	6,020	80.4	2,213	36.8	3,749
Manitoba	778	601	77.2	216	35.9	2,997
Saskatchewan	655	521	79.5	200	38.3	3,311
Alberta	1,824	1,534	84.1	583	38.0	3,597
British Columbia	2,577	2,060	79.9	777	37.7	3,875
Yukon	18	17	91.6	5	30.1	4,065
Northwest Territories	36	33	92.1	11	31.8	4,632

Source: RRSP room file

* Proportion of taxfilers with normal contribution room.

** Contributors to normal RRSPs as a percentage of eligible taxfilers.

are also affected by RRSP-related programs such as the Home Buyers' Plan begun in 1992 (Frenken, forthcoming).³ Between 1991 and 1996, withdrawals rose (from \$3.2 billion to \$4.4 billion) (Table 3), as did the number of persons making withdrawals (from 604,000 to 851,000, a rise of 41%). However, most of this occurred during a lean economic period. Total withdrawals have changed only slightly since 1994. And average withdrawals have remained virtually unchanged since 1991: from \$5,271 to \$5,212 in 1996.

Another way of describing how RRSP activity is tied to the economy is to show the withdrawal/contribution ratio (total withdrawals expressed as a percentage of total contributions). From 1991 to 1994, the ratio stood at around 20%; that is, for every five dollars contributed, one dollar was withdrawn. Since 1994, with continued improvements in the economy, it has declined. In 1996, it stood at 17%, meaning that for every five dollars put into the plan, 85 cents was removed.

Summary

Despite amendments to the *Income Tax Act* ending spousal rollovers and restricting retiring allowance rollovers, contributors and contributions to RRSPs continue to increase. The reasons for this are varied, but the amendment increasing contribution opportunities for most individuals, the economic upturn, growing concerns about the Canada and Quebec Pension Plan and the Old Age Security/Guaranteed Income Supplement programs, and financial institutions' effective promotion of RRSP participation, have all contributed. In contrast, withdrawals from RRSPs remained steady before 1995, at roughly one dollar for every five contributed, and have decreased slightly since then.

Table 3
RRSP withdrawals and withdrawal/contribution ratios

Year	Number '000	Amount \$ millions	Average \$	Withdrawal/ contribution ratio *
				%
1991	604	3,182	5,271	21.2
1992	635	3,403	5,363	20.7
1993	707	3,790	5,364	19.8
1994	775	4,240	5,473	19.9
1995	815	4,253	5,219	18.2
1996	851	4,437	5,212	16.9

Source: Small Area and Administrative Data Division, 1991 and 1992; RRSP room file, 1993 to 1996

Note: Withdrawals are for persons under 65, generally regarded as the normal retirement age.

* Total withdrawals expressed as a percentage of total contributions.

Participation and average amount contributed vary not just by sex, age and income, but also by region. In 1995, program participation rates for normal contributions were generally higher in the three westernmost provinces and lower in the Atlantic provinces. The rate for Ontario residents was above the national average, and that for Quebecers, slightly below. Average amounts contributed in British Columbia, Ontario, and Alberta exceeded the national average, but fell short in the remaining provinces.

Residents in the Territories presented a unique picture. Though they claimed the top two positions for eligibility rates and average contributions, their RRSP participation rates were lower than the national average. □

Notes

1 These changes were implemented in 1991. Although the effect was most noticeable between 1990 and 1991, the ripple effects of the change (for example, the possibility of carrying over unused room) probably encourage people to contribute. (For more information, see Frenken and Maser, 1993.)

2 The PA is a calculated value of the pension credits earned by the taxpayer who participates in an employer-sponsored pension plan or deferred profit sharing plan. The inclusion of the PA in calculating RRSP room is intended to provide similar tax breaks to workers with or without such coverage.

3 Withdrawals under the Home Buyers' Plan are not reported on the income tax return. While they may have some effect on RRSP savings, they are excluded from the withdrawal amounts reported in this study. For details about the plan, see Frenken (forthcoming; and 1996a).

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Tapping unused RRSP room

Hubert Frenken

In 1997, over 19 million Canadians were eligible to contribute some \$216 billion to registered retirement savings plans (RRSPs), if they had the money and the inclination to do so. Each year nearly all individuals with "earned income" (income qualifying for RRSP purposes) are credited with a specific amount of RRSP contribution opportunity or "RRSP room." The amount of room is based on their earned income and their pension credits, if any (see *RRSP room*). Room not used in any year is reserved and added to the following year's new room. The \$216 billion is the sum of unused room from earlier years (\$168 billion) and new 1997 room (\$48 billion).²

Some questions have been raised about this large accumulation. First, is this an indication that some segments of the population may be inadequately preparing for retirement by using only a fraction of their RRSP room? Second, will it result in large future losses of government tax revenue as individuals start using up this room (Beauchesne, 1995)?

Are these concerns warranted? This article provides some insight into these issues by looking at how this room has accumulated since 1991 and examining the extent to which taxfilers used this accumulation in 1995.³

Growing and growing

Since 1991, both the number of individuals with RRSP room and the aggregate room have grown consistently (Table 1). However, while the number of taxfilers with room increased by a third from 1991 to 1997, the amount of room grew nearly five-fold to more than \$216 billion. Since



Stronghold door, Royal Canadian Mint, 1908

the number of individuals who made contributions increased at about the same rate as the number eligible to do so, the proportion of eligible taxfilers who contributed remained at about one-third throughout the period.⁴

However, the percentage of room used by contributors decreased from 27% in 1991 to 18% in 1992, continued to decline at a slower pace after that, and levelled off at 12% in 1996. The relatively high 1991 percentage is

RRSP room

The amount of new RRSP room made available each year has a ceiling: the lesser of 18% of the previous year's earned income or a dollar amount, less any pension credits, or pension adjustment (PA), earned by the taxfiler in the previous year.¹ For example, the 1995 new room was the lower of 18% of 1994 earned income or \$14,500 less the 1994 PA (if any). The dollar limit has been amended a number of times since 1991 and is now frozen at \$13,500 until the year 2004. From 1991 to 1996 it was as follows:

Year	\$	Year	\$
1991	11,500	1994	13,500
1992	12,500	1995	14,500
1993	12,500	1996	13,500

To determine which RRSP contributors tapped into previously accumulated unused room, a number of factors must be considered. First, only normal contributions are counted; that is, contributions subject to the standard deduction limits and not rollovers of certain types of income. Second, the presence of a PA must be determined. Third, the appropriate contribution ceiling must be identified.

In this analysis it was assumed that taxfilers with no PA used up some of their room from previous years if their 1995 normal contributions exceeded the amount of new room for that year, and that those with a PA did so if the sum of their PA and normal contributions exceeded the new room.

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attributable to the lack of unused room from previous years, because the new legislation came into force only that year. The 1996 levelling off can be partly explained by the reduction in the dollar limits on contributions from \$14,500 in 1995 to \$13,500. As a result, many taxfilers either added less to their RRSP room pool that year or used up a greater amount of previously accumulated room.

Who has this room?

Men, despite contributing at higher rates than women and using a slightly higher percentage of their available room, still account for the greatest share of available room. For example, they made nearly two-thirds of the 1995 normal contributions and used up 13% of their room that year (versus 11% for women). Yet nearly 62% of the 1996 room belonged to men.

Even though younger persons have been participating in greater numbers in recent years (Aldridge, 1997), they still have more unused room than older taxfilers. Taxfilers under 35 years of age held nearly one-third of the \$163 billion in 1995 room and those between 35 and 44 accounted for an additional one-third. Individuals in these two age groups used up just 8% and 12%, respectively, of the room available to them that year.

Income has always been the primary factor in people's decisions on whether and how much to contribute to RRSPs (Frenken and Maser, 1993; Frenken, 1995b). Those with low incomes, who seem to be contributing in greater numbers of late (Frenken, 1997), still account for the bulk of unused room. Taxfilers with less than \$30,000 total income in 1995 held nearly one-half of the room that year. In fact, 30% of the room belonged to persons with incomes under \$20,000. They used up less than 3% of their room that year, while those with incomes between \$20,000 and \$29,999 contributed only 8% of the amount available to them.

Table 1
Total RRSP room 1991 to 1997 *

	Taxfilers		Amount	
	Number with room	Percentage contributing **	Available	Used **
	'000	%	\$ millions	%
1991	14,364	32	45,345	27
1992	15,531	31	77,094	18
1993	16,264	30	106,904	15
1994	16,928	31	136,537	13
1995	17,525	32	162,715	12
1996	18,039	33	189,653	12
1997	19,115	..	216,367	..

Source: RRSP room file

* Includes each year's new room and unused room from previous years. Since 1991 was the implementation year of the new legislation, there was no unused room that year.

** The number of contributors and the amount used relate only to normal contributions and exclude rollovers. See note 4.

This low usage rate and extensive accumulation of RRSP room by Canadian workers with low incomes might lead to the conclusion that this segment of the population is inadequately preparing for retirement. Some of these individuals may have other assets to draw on in retirement, but most will have little need for extensive savings to replace pre-retirement earnings. Pensions from the Old Age Security/Guaranteed Income Supplement (OAS/GIS) program and the Canada and Quebec Pension Plan (C/QPP) will fully replace earnings for most people with low incomes over their careers (Department of Finance, 1995).⁵

Who uses it?

Not all taxfilers accumulate large amounts of unused room. Some take full advantage of their contribution opportunities on a regular basis, while others may allow some unused room to accumulate, but periodically contribute more than their new room to use up some of that accumulation.

In 1995, nearly 5.7 million taxfilers, 32% of the 17.5 million with RRSP room, contributed. More than 1.6 million, 29% of contributors, used at

least some of their previously accumulated room. More than 240,000 (4% of all contributors) reported either an RRSP contribution alone or a combination of PA and contribution that exceeded \$14,500. Moreover, almost 1.4 million or nearly 25% had a contribution or a combination of PA and contribution that was less than \$14,501 but greater than 18% of their previous year's earned income (Table 2). Only those persons with earned income over \$80,556 would have been limited by the \$14,500 ceiling. Relatively few people have that much income; therefore, by far the greatest number who contributed more than their new room that year surpassed the 18% limit.

The 1.6 million contributors who tapped their unused room in 1995 deposited nearly \$9.4 billion – 47% of the \$20 billion normal RRSP contributions that year. This \$9.4 billion was applied to both 1995 new room and unused room from previous years. In summary, even though 68% of taxfilers eligible to contribute to RRSPs in 1995 made no deposits, 32% (nearly 5.7 million) did, and of these, 29% used up some, but not necessarily all, of their room from previous years.

Table 2
Taxfilers who used previously accumulated RRSP room in 1995

	Contributors		Contributions *	
	'000	%	\$ millions	%
Total	1,636	100	9,386	100
Contributions alone	766	47	5,312	57
Greater than \$14,500	70	4	1,390	15
Less than \$14,501, but greater than 18%**	695	43	3,922	42
Combinations of PA and contribution	870	53	4,074	43
Greater than \$14,500	174	11	1,335	14
Less than \$14,501, but greater than 18%**	696	43	2,739	29

Source: RRSP room file

* Includes contributions covering both new and unused room.

** Greater than 18% of 1994 earned income.

While 38% of all 1995 RRSP contributors were between 45 and 64 years of age, more than 47% of those who tapped their unused room that year were in that age group. Some 22% of contributors who used up some of their accumulated room had an income of \$60,000 or more, and an additional 26% reported between \$40,000 and \$59,999. Moreover, the two groups combined accounted for 62% of the \$9.4 billion contributed.

Conclusion

As a whole, Canadian taxfilers have traditionally contributed only a relatively small proportion of the maximum allowable amount to RRSPs. The amount not used has been accumulating since 1991 and by 1997 the total RRSP room (both unused room from previous years and 1997 new room) was more than \$216 billion. There are indications that at least some of this accumulated room is being used up by a growing number of taxfilers. The proportion of total room used decreased annually from 1991 to 1995, but held at 12% in 1996. One reason for this levelling off was the reduction

of the maximum dollar amount of new room credited to taxfilers that year, from \$14,500 to \$13,500. Since this amount is now frozen at \$13,500 until the year 2004, perhaps a growing number of RRSP contributors will make deposits that exceed their annual new room in the coming years.

A large proportion of unused RRSP room is held by workers with low incomes, many of whom may never be in a financial position to contribute to RRSPs. They may also have little need to do so; according to the Department of Finance, government pensions from the OAS/GIS and C/QPP may provide disposable income as great as, or greater than, that before their retirement. Persons with higher incomes who have not made full use of their RRSP opportunities may have had more pressing financial obligations. This may change with time, however.

Traditionally, taxfilers in their late forties and fifties have had both the highest RRSP participation rates and highest average contributions (Frenken, 1995b). They are also more likely than others to use some of their

previously accumulated room, which for some may be quite substantial. At those ages, individuals are generally in a better financial position than before to make RRSP contributions. They are very likely in their peak earning period and, with paid-off mortgages and children no longer dependent on them, they may have greater discretionary income than they did when they were younger. Also, because of their age, they may have a greater sense of urgency to save for their retirement.

The first members of the baby boom generation have recently entered the ages of greatest RRSP participation and will be followed by many more for some time. Whether this will result in a massive depletion of accumulated RRSP room with consequent tax implications remains to be seen. □

Notes

1 The PA is a calculated value of the pension credits earned by the taxfiler who participates in an employer-sponsored pension plan or deferred profit sharing plan. The inclusion of the PA in calculating RRSP room is intended to provide similar tax breaks to workers with or without such coverage (Frenken, 1995a).

2 These data differ slightly from those published by the Small Area and Administrative Data Division (SAADD) of Statistics Canada, because SAADD has removed some records from the file and because this article is based on a 2% sample. New room for 1997 is based on 1996 tax information.

3 Although preliminary summary information on 1996 contributions and 1996 and 1997 room was available at the time of analysis, the most recent detailed data for study were for 1995.

4 The 1991 RRSP participation rate of 32% is identical to the figure noted in the accompanying article, "RRSP contributions and withdrawals: An update." That year marked the beginning of RRSP room. For subsequent years, the rates contained in this study are slightly lower. Whereas the other article considers only taxfilers with RRSP room assessed in the particular

year examined, this analysis includes all individuals with room assessed at least once since 1991, making the denominators used here a bit larger.

5 A proposal to replace the OAS/GIS with a new Seniors Benefit is now being considered. This change would have little effect on the need for retirement savings for people with low incomes. In fact, many may see an increase in their government pensions from previous levels.

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Forgetting Something?

Changing companies or even moving with the same company can be a very exciting time! So many things to do and so many details to look after... and then there's the packing... yikes!

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What's new?

■ UPCOMING RELEASE

■ *Survey of Work Arrangements*

In November 1991, Statistics Canada funded and conducted the Survey of Work Arrangements (SWA), the first comprehensive national survey to gather detailed information on the weekly, daily and hourly work routines of Canadian paid workers (employees). Statistics Canada released the results of this survey in a special statistical compendium, *Work Arrangements* (Catalogue no. 71-535-MPB, no. 6) and in numerous analytical studies. Various government and private organizations interested in work practices and conditions of work also made extensive use of these data.

Growing interest in the data generated by the SWA led Human Resources Development Canada to fund a second survey in November 1995, to ascertain what changes (if any) had occurred over the years. *Work Arrangements in the 1990s* provides results from the 1991 and 1995 surveys. It contains in-depth statistical information and analysis on the hours people work, the emergence of alternative work patterns such as flexitime and home-based work, and the work schedules of families and students. In addition, it looks at the quality of jobs as measured by wage and non-wage benefits, unionization, job permanence and employer size. Also briefly examined are work hours and income preferences, self-employment, and provincial and regional data. Following are selected highlights:

- The five-day work week was the norm for the majority of employees in both 1991 and 1995.
- Working from home has become more common. In November 1991, approximately 6% of employees indicated that they performed some or all of their paid duties at home; by 1995 the proportion had risen to 9%.
- Workers with higher pay were also more likely to enjoy non-wage benefits, such as employer-sponsored pension, health and dental plan coverage, and paid sick leave and vacation leave entitlements.
- Workers in Ontario commanded the highest hourly wage rate in 1995. That province, together with Newfoundland and Manitoba, also registered

a relatively high percentage of employees covered by employer-sponsored pension and health plans.

- Given the choice, approximately two out of three employees preferred to work the same hours for the same pay; another 6% indicated a preference for fewer hours and less pay, while 28% favoured more hours with more pay.
- The self-employed tend to work longer hours: approximately 37% put in 50 hours or more each week.

Work Arrangements in the 1990s (Catalogue no. 71-535-MPB, no. 8, \$53) will be available soon. For further information, contact Ernest B. Akyeampong at (613) 951-4624; fax (613) 951-4179; Internet: akyeern@statcan.ca. □

■ JUST RELEASED

■ *Survey of Consumer Finances looks at earnings*

With the labour market's intermittent growth in 1996, how did the earnings of women compare with those of men? How did education, age, full- and part-time status and job tenure affect the differences? *Earnings of Men and Women, 1996* (Catalogue no. 13-217-XPB) helps to answer these questions. This publication shows annual earnings by sex and female-to-male earnings ratios. Earnings distributions are shown for men and women by province, age, education, occupation and work experience. Also presented are data on husbands' and wives' contributions to family income.

To order this publication, contact the Dissemination Unit, Household Surveys Division at (613) 951-7355 or 1 888 297-7355; fax (613) 951-3012; Internet: expenditures@statcan.ca. □

■ *Business bankruptcy in Canada, 1996*

According to a new study, firms in Canada go bankrupt primarily because their managers lack the experience, know-how, or vision to run their businesses. It is not a lack of sophisticated management techniques that causes the problem; rather, it is an inability to master the basic skills.

A second key deficiency occurs in the area of financial management. Seven out of ten firms that failed in 1996 did so because of bad financial planning. Three problems cropped up regularly: an unbalanced capital structure, an inability to manage working capital, and undercapitalization.

Problems in securing different types of capital were often related. For example, firms that were unable to obtain sufficient capital from financial institutions were also unable to pursue a number of other financing options. Highlights:

- In 1993, about 3,700 incorporated businesses failed in Canada, with liabilities totalling \$4.1 billion. Much of the money forfeited was owed to Canadian banks, the largest creditors for Canadian businesses. Canadians also felt the costs of bankruptcy through the loss of jobs. Half of bankrupt firms had between one and nine employees when they failed.
- Between 1992 and 1996, corporate bankruptcies made up only 28% of all business bankruptcies, but accounted for about 65% of total business liabilities arising from bankruptcy. The average corporate bankruptcy involved liabilities of \$1.3 million, five times the average \$260,000 for non-corporate business bankruptcies.
- The number of bankruptcies nearly doubled between 1985 and 1995, while the business population increased by only half. As a result, the incidence of bankruptcy increased from 10 failures per 1,000 businesses in 1985 to 14 per 1,000 in 1995.
- Small, young firms were most at risk, primarily because their management had not yet built up the necessary experience and knowledge. Over half the new firms that failed in the first 10 years of life did so within their first 2 years. More than half of younger firms, those less than 5 years old, had a senior manager who had less than 5 years of managerial experience.

For further information on *Failing Concerns: Business Bankruptcy in Canada* (Catalogue no. 61-525-XPE, \$30), contact John R. Baldwin, Micro-economics Analysis Division at (613) 951-8588; fax (613) 951-5403; Internet: baldjoh@statcan.ca. □

■ Article from Canadian Social Trends

"I feel overqualified for my job..."

The Canadian population has become more educated in the last 25 years: between 1971 and 1996, the percentage of adults with more than a high school

education rose from 21% to 50%, while the proportion with a university degree jumped from 5% to 15%. At the same time, many jobs are demanding more sophisticated and technically complex skills because of shifts in Canada's industrial structure and rapid advances in information technologies. Yet in spite of this growing demand for highly skilled workers, many of those with postsecondary schooling believe their education and experience exceed the demands of the job.

In 1994, 4.4 million employed Canadians – 39% of all workers – had a university or community college certificate, diploma or degree. More than one-fifth (22%, or just under 1 million) of these workers felt overqualified for their jobs. Some 27% of those with an earned doctorate, master's or diploma above the bachelor's level expressed this opinion, compared with just over one-fifth of those with a bachelor's or first professional degree (22%), or a community college diploma (21%).

Some 23% of university and community college graduates were employed in clerical, sales or service jobs, which may not have required postsecondary education; 37% of these people felt overqualified. When the effects of other demographic and socioeconomic factors were held constant, these graduates were at least twice as likely as those in management or professional jobs to feel overqualified.

For further information about this article (which appeared in the Winter 1997 issue of *Canadian Social Trends* [Catalogue no. 11-008-XPE]), contact Warren Clark at (613) 951-2560; fax (613) 951-0387; Internet: clarwar@statcan.ca or Karen Kelly at (613) 951-2598; Internet: kellkar@statcan.ca. □

■ Low income cut-offs, 1997

Low income cut-offs (LICOs) for 1997 are now available. Each year, the LICOs are updated to reflect cost-of-living increases, as indicated by the annual change in the Consumer Price Index (CPI). Both the 1992-base and 1986-base LICOs are contained in the report.

Recently, media coverage of LICOs has focused on their relationship to the measurement of poverty. At the heart of the debate is the use of the LICOs as poverty lines. Statistics Canada has always insisted that the LICOs are not measures of poverty and should not be used as such. Rather, they reflect a consistent and well-defined methodology that identifies those who are substantially worse off than the average. In the absence of an accepted definition of poverty, these statistics have been used by many analysts who wanted to study the characteristics of

such families in Canada. These measures have enabled Statistics Canada to report important trends, such as the changing composition of this group over time.

For further information or to order *Low Income Cut-offs* (Catalogue no. 13-551-XPB, \$5) for the years 1980 to 1997, contact the Dissemination Unit at (613) 951-7355; 1 888 297-7355; fax (613) 951-3012; Internet: income@statcan.ca. □

■ **Government finances and generational equity**

Is there a "fiscal dividend"? How fast should the national debt be reduced? How much of a burden does existing fiscal policy place on future generations?

These are pressing questions central to the conduct of Canadian fiscal policy in the 1990s, and they form the motivation for this collection of essays. *Government Finances and Generational Equity* offers a detailed analysis of the current state of Canadian fiscal policy and how it has changed over the past two decades. Leading academic researchers, as well as senior analysts from Statistics Canada and the Department of Finance, look at the following:

- the "deficit" as a measure of generational equity, and as a guide for the conduct of government taxation and spending decisions;
- the age distribution for government taxes and transfers, both by program and by level of government;
- the effect of reducing the national debt on the well-being of both current and future generations;
- the inter-generational implications of the unfunded liability of Workers' Compensation programs; and
- the manner in which generational equity should be measured.

For more information on *Government Finances and Generational Equity* (Catalogue no. 68-513-XPB, \$35) contact Miles Corak, Analytical Studies Branch at (613) 951-9047; Internet: coramil@statcan.ca. □

■ **Latest on the labour force**

The fourth issue of *Labour Force Update* (Catalogue no. 71-005-XPB) provides an overview of the 1997 labour market. Following are highlights:

- Employment growth in 1997 resembled that of 1994 in several respects: it was all in full-time work; concentrated among adults aged 25 to 54;

in manufacturing and business services; and among professionals, whose wages tend to be higher than average.

- By year-end, the participation rate was unchanged at 64.8%, still 2.7 percentage points lower than in December 1989. (It had dropped to 65.5% by April 1992, when the downward trend in employment finally stopped.)
- By December 1997, women aged 25 to 54 were the only demographic group with a participation rate higher than in 1989 (up 1.0 percentage points). Youths (-9.2 points), persons aged 55 or more (-2.3 points), and men aged 25 to 54 (-2.0 points) were all less likely to be in the labour force in 1997 than they were in 1989.
- The combination of employment growth and a stable participation rate reduced the number of unemployed over 1997 for all groups. The unemployment rate had hovered around 9.7% through most of 1995 and 1996, mainly as a result of fluctuations in labour force participation. Employment growth in 1997 pushed the rate down to 9.1% by mid-year, and to 8.6% by year-end, the lowest rate since September 1990.

For additional information on this publication, contact Geoff Bowlby at (613) 951-3325; Internet: bowlgeo@statcan.ca or Jean-Marc Lévesque at (613) 951-2301; fax (613) 951-2869; Internet: levejea@statcan.ca. □

■ **The Year 2000 computer problem**

In October and November 1997, Statistics Canada, on behalf of Task Force Year 2000, conducted a survey to assess the business community's readiness for the Year 2000 computer problem. According to the survey, over half of Canadian businesses with more than five employees are doing nothing to address this issue. Moreover, less than 10% of firms have a formal plan to assess, convert and test systems for the date change to 2000. Some 2% of firms have implemented and completed all phases of a plan, and a further 16% have taken less formal steps and say their systems are confirmed to be ready for 2000. A recent report takes a closer look at the survey results to determine how businesses in different industries and size categories are preparing for potential difficulties, and it assesses the general cost and magnitude of fixing the problem.

For further information on *The Preparedness of Canadian Business for the Year 2000 Computer Problem*, contact Jamie Brunet, Small Business and

Special Surveys Division at (613) 951-6684; Internet: brunjam@statcan.ca. Readers can obtain the document from the Statistics Canada website: <http://www.statcan.ca:80/english/freepub/61F0057MIE/free.htm> or from the Industry Canada site: <http://strategis.ic.gc.ca/sos2000>. □

■ **North American labour markets**

A recent report compares the labour markets of the United States, Mexico and Canada. Prepared by the Secretariat of the Commission for Labor Cooperation, it attempts to present all currently available basic labour market information where reasonably comparable estimates exist.

The study spans the period 1984 to 1995 and presents some of the important trends and themes that have emerged over that period in several key areas, including employment, work time and non-standard work, unemployment, unionization, earnings, productivity, income distribution, and employment benefits.

This report is the first in the North American Labor Series. Upcoming projects include a comparative labour law report, a study on advanced and standard practices in the garment industry, and proceedings of the North American Seminar on Incomes and Productivity. The aim of these reports is to promote a broader understanding of North American labour matters.

The Secretariat was established under the North American Agreement on Labor Cooperation (NAALC), a supplementary accord to the North American Free Trade Agreement. Through the NAALC, the continental trading partners seek to improve working conditions and living standards, and they commit themselves to protect, enhance, and enforce the basic rights of workers.

For further information on *North American Labor Markets: A Comparative Profile*, contact the Secretariat at (214) 754-1100; fax (214) 754-1199; website: <http://www.naalc.org>. □

■ **Analytical Studies Branch research papers series**

Job Turnover and Labour Market Adjustment in Ontario from 1978 to 1993

Z. Lin and W. Pyper

Research Paper Series no. 106

This paper documents job turnover and labour market adjustment activities in the Ontario economy from 1978 to 1993. The data are extracted from the Longitudinal Worker File (LWF) created and managed by the Business and Labour Market Analysis Division of Statistics Canada. The LWF draws on data from Human Resources Development Canada, Revenue Canada and Statistics Canada.

The paper consists of three main sections: patterns in permanent layoff rates and permanent separation rates by major industrial sector; probabilities of permanent layoffs and permanent separations by major industrial sector; and labour market transitions for separated workers in selected years.

International Competition and Industrial Performance: Allocative Efficiency, Productive Efficiency, and Turbulence

J.R. Baldwin and R.E. Caves

Research Paper Series no. 108

A shift toward freer trade and the generally sustained economic growth of industrialized countries have provided much experience (especially in the past three decades) with the effects of international competition on national product markets. By this is meant the distinctive ways in which domestic sellers' competition and the market outcome are affected by the presence of foreign customers and/or sellers. In the first three sections of this paper the authors review theory and recent empirical evidence of the effects of international competition on the performance of domestic industries in two familiar dimensions: allocative efficiency and productive efficiency. They go on to present new empirical evidence of one manifestation of international competition that has only recently gained recognition: its effect on turbulence or turnover within the domestic industry.

To order studies in the Research Paper Series, contact your nearest Statistics Canada Regional Reference Centre, or write to Publications Review Committee, Analytical Studies Branch, 24th floor, R.H. Coats Building, Ottawa, Ontario K1A 0T6. Or phone (613) 951-1804; fax (613) 951-5403. □

Key labour and income facts

The following is a guide to data sources for labour market, business, income and earnings, pension, education and other household topics. Each quarter, this section presents charts and analysis featuring one or more of these sources. For general inquiries, please contact Joanne Bourdeau at (613) 951-4722; Internet: bourjoa@statcan.ca or Jeannine Usalcas at (613) 951-4628; Internet: usaljea@statcan.ca.

Administrative data

Small area and administrative data
Frequency: Annual
Contact: Customer Services
(613) 951-9720

Business surveys

Annual Survey of Manufactures
Frequency: Annual
Contact: Richard Vincent
(613) 951-4070

Business Conditions Survey of Manufacturing Industries
Frequency: Quarterly
Contact: Claude Robillard
(613) 951-3507

Census

Census labour force characteristics
Frequency: Quinquennial
Contact: Michel Côté
(613) 951-6896

Census income statistics
Frequency: Quinquennial
Contact: Abdul Rashid
(613) 951-6897

Employment and income surveys

Labour Force Survey
Frequency: Monthly
Contact: Nathalie Caron
(613) 951-4168

Survey of Employment, Payrolls and Hours
Frequency: Monthly
Contact: Sylvie Picard
(613) 951-4090

Help-wanted Index

Frequency: Monthly
Contact: Sylvie Picard
(613) 951-4090

Employment Insurance Statistics Program

Frequency: Monthly
Contact: Sylvie Picard
(613) 951-4090

Major wage settlements

Bureau of Labour Information
(Human Resources Development Canada)
Frequency: Quarterly
Contact: (819) 997-3117

Labour income

Frequency: Quarterly
Contact: Anna MacDonald
(613) 951-3784

Survey of Labour and Income Dynamics

Frequency: Annual
Contact: Client Services
(613) 951-7355 or
1 888 297-7355

Survey of Consumer Finances

Frequency: Annual
Contact: Client Services
(613) 951-7355 or
1 888 297-7355

Household Facilities and Equipment Survey

Frequency: Annual
Contact: Client Services
(613) 951-7355 or
1 888 297-7355

Family Expenditure Survey

Frequency: Annual
Contact: Client Services
(613) 951-7355 or
1 888 297-7355

General Social Survey

Education, work and retirement
Frequency: Occasional
Contact: Jennifer Hubbard
(613) 951-5979

Social and community support

Frequency: Occasional
Contact: Jennifer Hubbard
(613) 951-5979

Time use

Frequency: Occasional
Contact: Jennifer Hubbard
(613) 951-5979

Pension surveys

Pension Plans in Canada Survey
Frequency: Annual
Contact: Thomas Dufour
(613) 951-2088

Quarterly Survey of Trusteed Pension Funds

Frequency: Quarterly
Contact: Thomas Dufour
(613) 951-2088

Special surveys

Survey of Work Arrangements
Frequency: Occasional
Contact: Ernest B. Akyeampong
(613) 951-4624

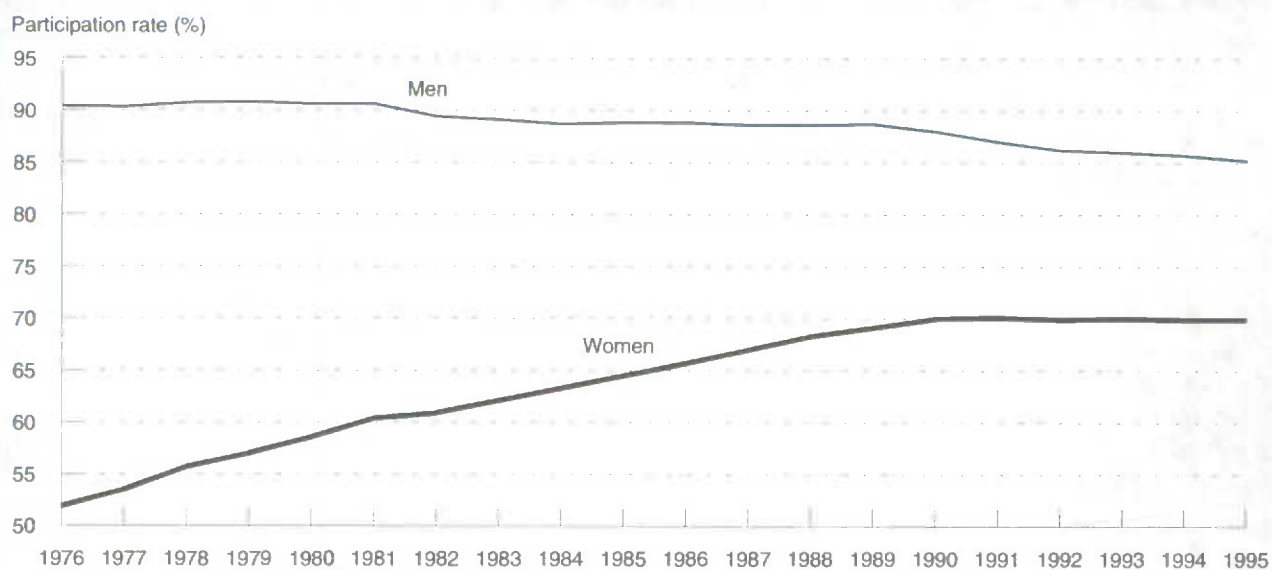
Adult Education and Training Survey

Frequency: Occasional
Contact: Steve Arrowsmith
(613) 951-0566

Graduate Surveys (Postsecondary)

Frequency: Occasional
Contact: Bill Magnus
(613) 951-4577

Participation rate of men and women aged 20 to 64



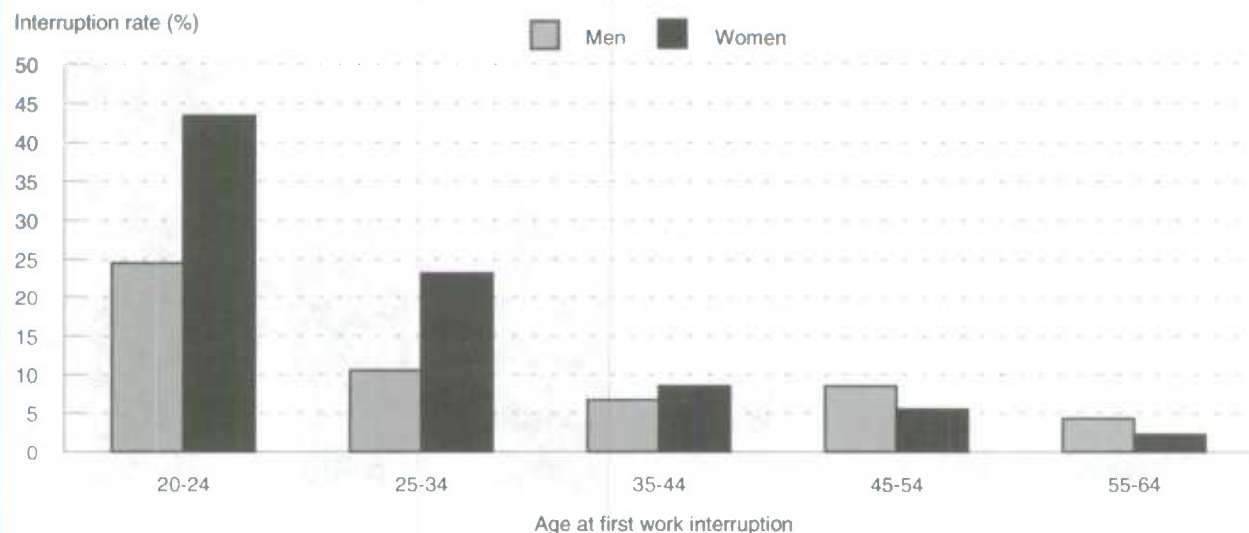
Source: Labour Force Survey

Changes in women's work participation

Because women are more likely to interrupt employment for a long period of time, their attachment to the labour force has traditionally been viewed as weaker than men's. But women's participation in the workforce has increased dramatically.

By 1995, 70% of women aged 20 to 64 were in the labour force; that is, they were either employed or looking for work. Women today have also shown an increased commitment to lifelong careers, reporting fewer and shorter periods of employment discontinuity than earlier generations of women.

People who experienced interruptions of paid work between 1990 and 1994, as a percentage of those who had ever worked



Source: General Social Survey, 1995

Work interruptions occur early in women's careers

According to the 1995 General Social Survey, almost two-thirds (62%) of all women who had ever worked had left their paid employment for six months or more. In contrast, just over one-quarter of men (27%) had done so.

Between 1990 and 1994, 43% of women in their early twenties who had ever worked experienced their first interruption. In contrast, only 9% of those aged 35 to 44 experienced their first interruption.

The high rate among younger women may be related to their limited work experience and to the higher fertility rate of this age group.

Defining an interruption in paid work

"Work interruptions" was one of the topics covered by the 1995 General Social Survey (GSS). Respondents who had worked steadily for pay for at least six months were asked whether they had ever stopped working for pay for a period of six months or more. Respondents who had done so are said to have experienced a long-term interruption in paid work, whether or not they returned to work. Respondents were asked when and why each interruption of six months or longer started. If they had returned to paid work, they were also asked how long the interruption had lasted, whether they had returned to the same job, whether the job had similar duties and whether they had returned to a full- or part-time job.¹

The GSS relied on the ability of respondents to recall work interruptions over a lifetime of work. Consequently,

responses are subject to recall error, especially for those with longer work histories.

People under age 20 and full-time students who had worked part time were excluded from this analysis because of their short-term labour market experience. Many older workers indicated that their first interruption occurred at retirement. While retirement has become less permanent than it once was, the nature and consequences of this type of interruption are likely to be quite different from those of other types. Consequently, this analysis did not consider retirement to be a work interruption.

¹ Respondents were not asked whether they had returned to the same employer. (A return to the same employer has implications for seniority rights, pension credits and maintenance of rates of pay.)

Reasons for women's interruptions of paid work



Source: General Social Survey, 1995

* Family-related reasons include marriage, maternity leave and care of children or elderly relatives. Economic reasons include layoff or end of contract, lack of work, business or company closure and seasonal work. Other reasons include returning to school, moving and other reasons.

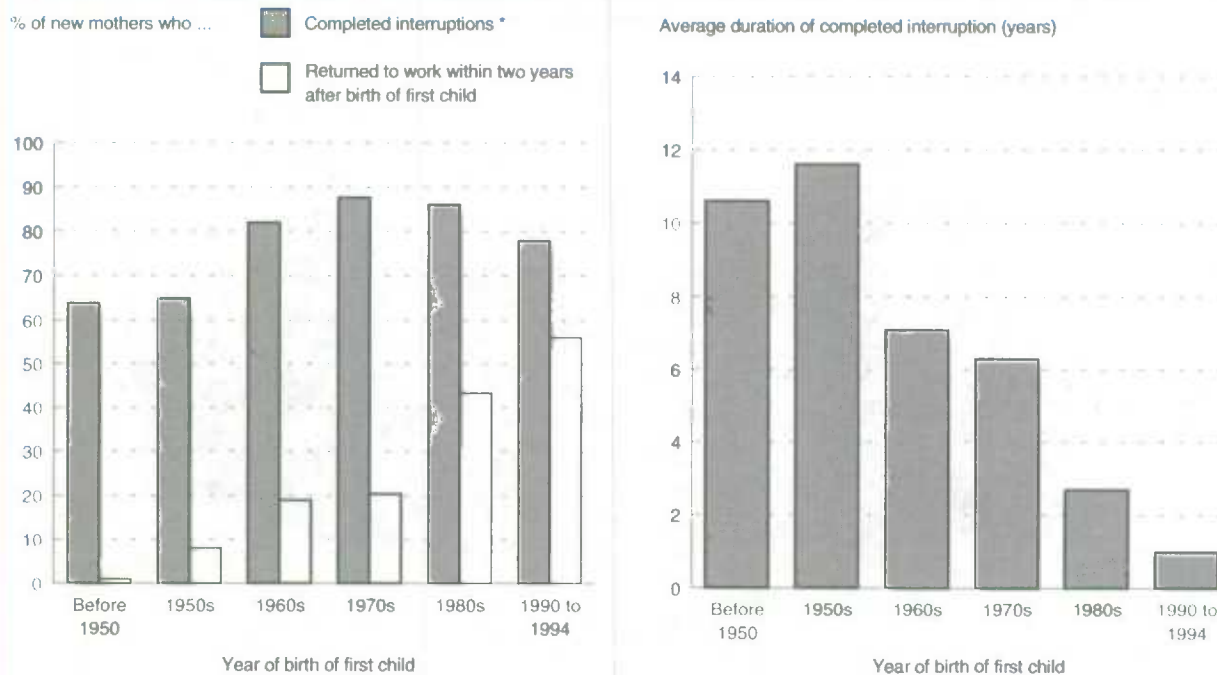
Women interrupt their careers for family-related reasons

The changing nature of women's role as family caregivers is evident from the work interruption data. In the 1950s, family-related reasons accounted for 88% of all women's interruptions, while economic reasons accounted for less than 1%. In contrast, in the early 1990s family-related

reasons accounted for less than half (47%) of all women's interruptions of paid work, and economic reasons, 22%.

Factors that may have influenced this change include lower fertility rates, delayed childbearing and changes in the workplace that have enabled women to resume work after childbirth.

Mothers who interrupted paid work for six months or more at birth of first child



Source: General Social Survey, 1995

* New mothers who returned to work after the birth of their first child.

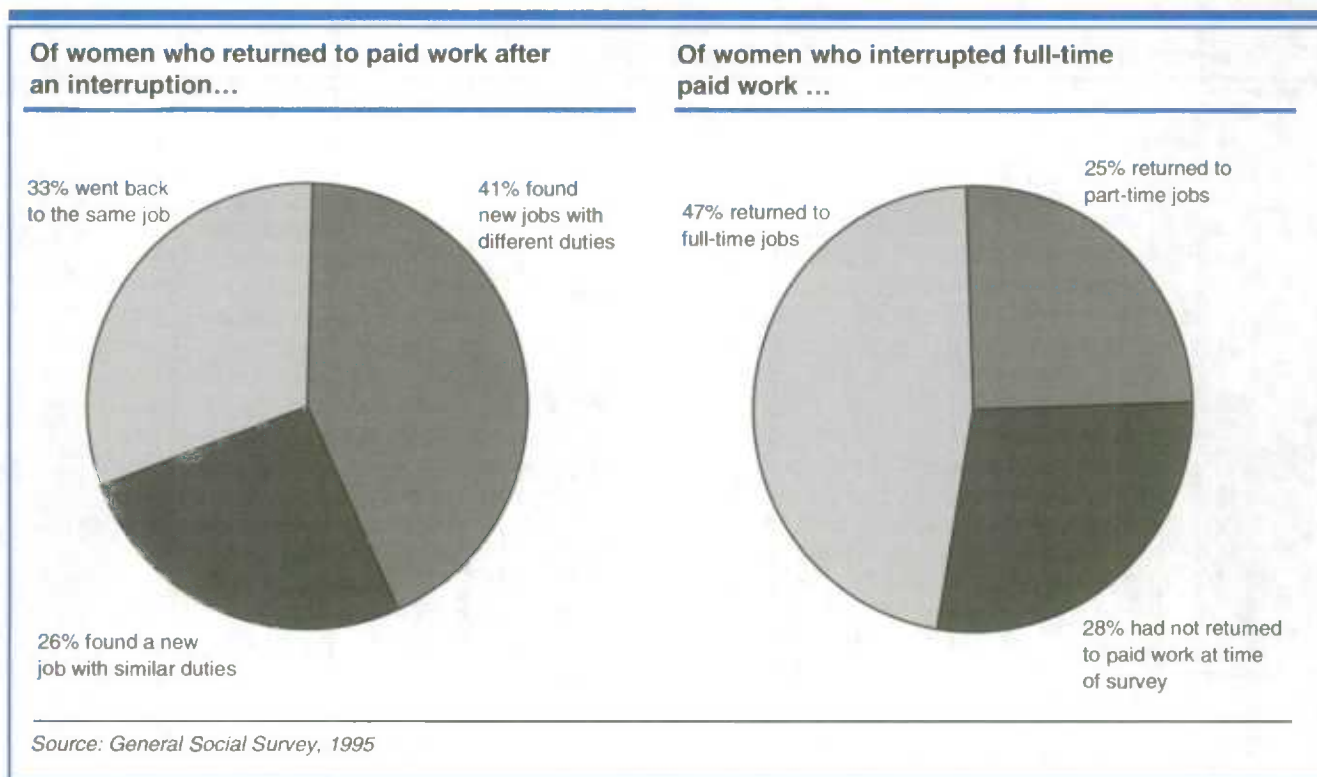
Mothers return to paid work more quickly in the 1990s

In the 1950s, 65% of women who interrupted their paid work for the birth of their first child returned to work, but only 8% did so within 2 years of the start of the interruption. The average interruption lasted 12 years.

By the early 1990s, 78% of new mothers who interrupted their paid work returned after the birth of their child, 56% within 2 years of the start of the interruption. The average interruption was only one year.

A 1996 report corroborates this analysis, showing that women today have fewer children, more frequently delay childbearing until they have established their careers, are less likely to interrupt their careers for six months or more after giving birth, and return to paid work much more quickly than new mothers of earlier generations (Ford and Nault, 1996).

Ford, D. and F. Nault. "Changing fertility patterns, 1974 to 1994." *Health Reports* (Statistics Canada, Catalogue no. 82-003-XPB) 8, no. 3 (Winter 1996): 39-46.



Most women return to work

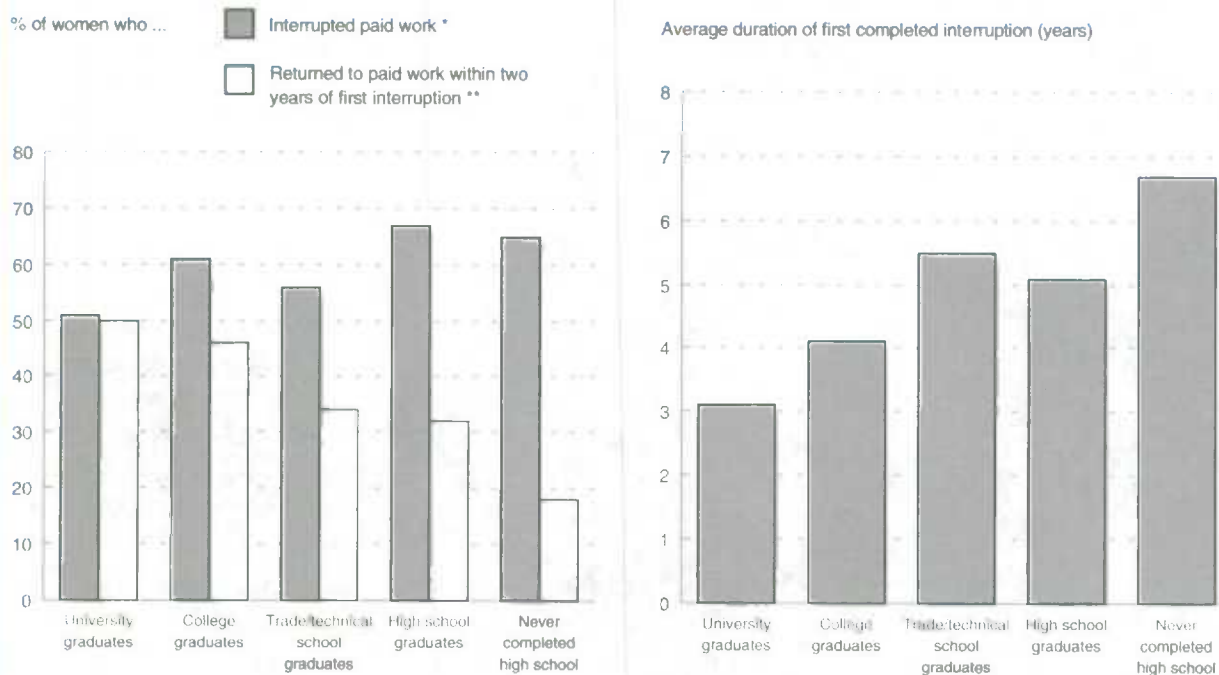
Most women who had ever interrupted paid work returned afterwards (71%). Among those who did, one-third went back to the same job. About one-quarter found a new job with similar duties, while 41% found new jobs with other duties.

However, less than half of those who had full-time jobs returned to a full-time job; one-quarter returned to part-time work. The remainder had not yet returned to paid work at the time of the survey.

Many women who worked part time before they interrupted their paid work returned as part-time employees (42%), while 37% had not re-entered the paid labour force as of 1995. According to the 1988 Canadian National Child Care Study, 31% of part-time workers with children under age 13 worked part time because of family responsibilities (Lero et al., 1992). Since many of women's lengthy breaks are related to family responsibilities, a return to paid work may be greatly influenced by the availability of supports such as daycare facilities and home support for children and, in some cases, help for elderly parents.

Lero, D.S. et al. *Canadian National Child Care Study: Parental Work Patterns and Child Care Needs*. Catalogue no. 89-529-XPE. Ottawa: Statistics Canada, Health and Welfare Canada, and National Day Care Research Network, 1992.

Educational attainment of women with work interruptions



Source: General Social Survey, 1995

Note: Respondents' highest level of education in 1995; interruptions may have occurred much earlier when respondents had less education. To reduce the effect of education upgrading, first interruptions due to a return to school are excluded from this chart.

* As a percentage of women who ever worked for pay.

** As a percentage of women who interrupted their paid work.

Education: a factor in work interruptions

In general, women with more education experience fewer work interruptions. These findings are expected, as those with more education usually have the most marketable skills and are therefore able to obtain the highest-paying and most stable jobs.

As well, those with higher levels of education may have the greatest incentive to return quickly to paid work

because they have the most to lose in forgone earnings. University graduates had by far the shortest work interruptions and were the least likely to experience them.

Charts and text for this issue's "Key labour and income facts" were adapted from an article in *Canadian Social Trends*, "Changes in women's work continuity," Autumn 1997 (Statistics Canada, Catalogue no. 11-008-XPE). For more information, contact Janet Fast, University of Alberta at (403) 492-5768; Internet: janet.fast@ualberta.ca.

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In the works

Here are some of the topics to be featured in upcoming issues

■ Moonlighting: a growing way of life

In the last 20 years, the number of multiple jobholders or moonlighters has more than tripled. Who are these people and how do they compare with those a decade or two ago? Using data from the Labour Force Survey and the Survey of Work Arrangements, this article considers various reasons for the phenomenon and looks at the characteristics of moonlighters and their jobs. U.S. trends are also noted.

■ Working at home

Two studies look at the advantages and disadvantages of working at home (for an employer or oneself). They trace the growth of this option and outline the characteristics of the jobs and workers involved.

■ Family income after separation, for people without children

This article adds another dimension to a ground-breaking study published in *Perspectives* last year. The authors turn their attention to the financial situation of separated persons who had no children before the breakup.

■ The booming market for computer programmers

Employment growth in computer programming and related work in recent years is documented in this study, which also notes in what areas jobs are being created. Earnings are also discussed.

■ Employment insurance in Canada: Recent trends and policy changes

Two articles look at modifications to the Employment Insurance (EI) program (formerly known as Unemployment Insurance). The first discusses legislative and policy changes made over the 60 years of the program's existence, especially those introduced in the 1971 *Unemployment Insurance Act*. The second considers recent trends in the EI balance sheet brought about by changes in the economy and in legislation.

■ RRSPs and the Home Buyers' Plan

This article looks at the RRSP Home Buyers' Plan in terms of the amounts withdrawn and the number of participants, by age, sex and income. In addition, it considers the number of taxfilers who defaulted on their 1995 repayments, as well as the amounts involved, and it compares defaulters with those who did repay. The study also examines whether those who repaid were able to make additional RRSP contributions.

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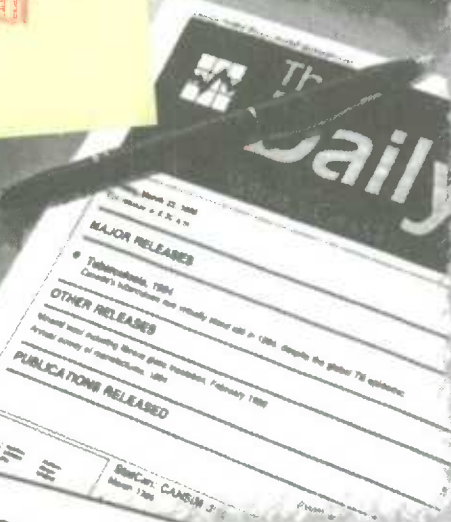
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