

***Budget 2012:
Still Ignoring Women's Economic Realities and Rights***

Women's economic condition has remained virtually unchanged since 1997:

Women's share of all paid work hours per year:	45.5%
Women's share of all unpaid work hours per year:	64.0%
Women's share of annual national market incomes:	36.3%
Women's share of consumable incomes:	40.0% ¹

The government has now literally spent itself penniless:

2004/5-2007/8 operating surpluses:	\$ 38.2 bill.
Total annual deficits 2008/9-2011/12:	94.8 bill.
'Deficit reduction' cuts scheduled for 2012/13:	14.0 bill.
2012/13 deficit after spending cuts:	21.1 bill.
Total:	\$168.1 bill. ²

By the end of the 2012/13 fiscal year, Canada will have spent this entire \$168.1 billion on major tax cuts, infrastructure spending programs, and unemployment insurance enhancement programs that all give the bulk of benefits to men, thus making further improvement in women's economic status virtually impossible:

<u>'Stimulus' and 'recovery' measures</u>	<u>Total spent</u>	<u>Women's shares</u>
Infrastructure funds (2009/10-2012/13)	\$ 46.0 bill.	5% to 31%
GST rate cuts (2009/10-ongoing)	42.4 bill.	38%
Corporate tax cuts (2008-ongoing)	41.3 bill.	10% to 37%
Personal income tax cuts (2008-ongoing)	23.3 bill.	40%
EI special measures (2008/09-2012/13)	14.3 bill.	31% to 36%
Corporate tax benefits (2009/10-2012/13)	1.5 bill.	10% to 37% ³
Total	\$168.8 bill.	

Budget 2012 continued all the above tax cuts and also announced further major fiscal changes: new public service cuts, cuts to OAS, restructuring of retirement programs, and changes to the EI system. These further changes will also disproportionately benefit men.

Taken together, changes culminating in Budget 2012 ensure that sex equality cannot possibly be achieved during the lives of any women now living.⁴

DETAILED ANALYSIS:

I The financial value of the cuts made to GST, corporate, and personal taxes since 2008 will continue to benefit men disproportionately during 2012:

By the end of 2012/13, the total cost of the cuts to GST, corporate, and personal taxes will be \$107 billion – 63% of the \$168.8 bill. in ‘stimulus’ and ‘recovery’ measures listed on page 1. Nearly all of the operating deficits incurred during that time will have been spent on tax cuts (92%). If all the taxes cut before this fiscal year had been reinstated, they would have brought in another \$34.9 billion in revenue, and would have made both the 2012/13 operating year deficit of \$21.1 bill. and program cuts of \$14.0 bill. completely unnecessary.

<u>Type of tax cut:</u>	<u>2012 revenue lost:</u>	<u>Women's shares:</u>
Corporate income tax (regular rate)	\$10.7 bill.	10% to 37%
Corporate income tax (small business rate)	4.1 bill.	10% to 37%
Goods and Services Tax (GST)	13.4 bill.	38%
Personal income tax	6.7 bill.	40% ⁵

Total revenue foregone: \$34.9 bill.

This \$34.9 billion represents 2.0% of Canada's estimated GDP for 2012. This is on top of the nearly 4% of GDP cut from Canada's tax bases between 1995 and 2007.⁶

While these tax cuts were originally justified on the basis that they would help ‘grow’ Canada's economy, all of them were reframed as ‘stimulus measures’ as the global economic crisis hit Canada.⁷ However, these items are no longer considered to be part of the budget, but instead are being treated as the new norm. Continual shifts in the characterization of these tax cuts raises questions about whether they were effective crisis and recovery measures in the first place.

All of these tax cuts are gender regressive. The least regressive are the personal income tax cuts, 60% of which go to men and only 40% to women.

The most regressive are corporate income tax cuts – between 63% to 90% of the tax benefits of corporate income tax cuts will go to men, and only 10 to 37% will go to women.

Regardless of which of these cuts are more or less gender regressive, the stark reality is that Canada cannot afford to continue these tax cuts.

Nor can Canadians afford to lose the federal services and programs that in the past have been supported by the revenues from these taxes. Budget 2012 announces \$14 billion in cuts to services, OAS, and other programming just for 2012/13, and whether the reduce federal employment or income support levels, they will affect women more negatively than men. (See parts ____ and ____ below)

II The infrastructure funding programs scheduled for 2012/13 and onward will disproportionately benefit men:

Budget 2012 reports that the federal government disbursed \$14.5 billion for infrastructure projects during the fiscal years 2009/10 through 2011/12, and used compulsory matching formulas to bring another \$10.3 billion of provincial monies into those programs, for total expenditures of \$24.8 billion over the three years. When the other infrastructure components of spending during that period (\$17.45 bill.) and the costs of the 2009-10 home renovation tax credit (\$2.7 bill.) are brought into the balance, the total comes to \$46 billion – the largest category of spending during the entire past seven years.

Focused almost exclusively on construction projects, this funding was intentionally aimed at supporting the construction industry and thus predominantly male workers in positions ranging from ownership and management to technical and scientific professions, transportation, manufacturing, and primary industries. Given gender divides in personnel and ownership in this sector, an estimated 69% to 95% of this spending was likely to have benefitted men, with women's share of this spending probably only reaching levels of 5% (in the trades and line construction jobs) to 31% (in ownership/management positions).⁸

Budget 2012 appears to provide only \$0.5 billion in continued infrastructure program funding.⁹ However, the continued availability of the \$33 billion 'communities' infrastructure fund, deferred implementation of major new infrastructure programs, and other nonenumerated spending items make it clear that the federal government expects to deploy more of this funding at some undisclosed date. As such, it represents a significant source of future economic power that unless reorganized to benefit women and men equally, will continue to support male income patterns and reinforce or even widen further the gender income gaps faced by women.

III Proposed 2012/13 changes to the Employment Insurance program will bring it closer to the 'male breadwinner' model, which already disproportionately benefits men:

Since the 1990s, the EI system has imposed quite high hours requirements on those applying for EI. This mechanism was introduced during the Chretien government in an effort to reduce the national debt, which had grown during the 1990s recession. These changes cut down women's access to EI as they remained concentrated in nonstandard and part-time paid work that generated fewer or even no EI benefits. During the 2008-9 labour market recession in Canada, EI 'stimulus' programs consisted mainly of extended benefits under the existing EI rules and limited support for job sharing and training programs. These special relief initiatives did not make EI any more accessible to women workers, with the result that as the recession deepened, the gender gap in EI claims grew:

- * At the outset of the 2008/9 recession, when female employment rates were at an all-time high, the gender gap between women vs men receiving EI benefits was 2.3%.
- * As the 2008/9 recession deepened, the gender gap in EI grew rapidly to 14.0%.

- * Even when unemployment levels were at their highest, only 39.3% of unemployed women qualified for EI, as compared with 48.2% of men.
- * Under this model, women who cannot afford child or elder care resources while unemployed are less likely than men to be able to meet the requirement that they be 'employment ready' every day – particularly in extremely challenging markets.
- * During the recession, married women experienced the highest rate of job loss among women, and the majority of their losses were in fulltime permanent employment; while single women with greater mobility were able to fill many fulltime positions, they were employed on temporary contracts and lost many of those jobs at recession end.

Budget 2012 appears to continue the focus on economic growth through fostering creation of jobs and improvement of working conditions. Chapter 3 of the budget presents a long list of small programs under the heading 'Supporting Jobs and Growth.' However, on close examination, it is clear that these programs will disadvantage women compared with men for two completely different basic reasons.

First, these programs are actually various types of financial programs for businesses and corporations. The 'jobs' promised in what looks like \$1.7 billion in spending in that chapter mainly consist of tax credits, grants, and funding programs for business activities and infrastructure. Even support for Aboriginal peoples 'to fully participate in the economy'¹⁰ takes the form of infrastructure or business support programs, not targeted skills training or job creation programs. While the budget expresses confidence that such spending (along with tax cuts and other forms of spending) will 'create jobs,' these programs will not directly affect the operation of the EI program itself, which is the source of general unemployment, skills training, and job creation resources.

Second, the budget proposes new programs that may work well for men who are able to engage in standard employment, but they will be disproportionately unavailable to women engaged in part-time, precarious, and unpaid work:

- * Women facing family-related mobility limitations cannot equally take advantage of new proposals to attract workers from other demographic groups – immigrants and foreign temporary workers – who can be 'quickly' deployed to fill priority vacancies in various regions.
- * Women are demographically under-represented in occupations that are likely to be ranked as 'high demand' in these 'connecting workers with vacancies' programs.
- * The new 'Working While on Claim' program will be less beneficial to women, who are under-represented in EI-covered employment, because fewer women than men will be able to take advantage the right to take on significant paid work while receiving EI.
- * Although the 'Best 14 Weeks' pilot project currently run by HRSDC has been found to be

the one EI program that actually assists women overcome gender-specific barriers to EI, Budget 2012 proposes to expand the eligibility test to ‘best 14 to 22 weeks.’ Increasing the number of weeks some women will have to present in this ‘best weeks’ approach will inevitably deprive women who can qualify on the best 14 weeks from continuing to take advantage of this alternative qualifying test.

A total of \$177 million in new funding is allocated to this ‘Improving the EI Program’ envelope. All aspects of these new programs are all likely to benefit men to a greater extent than they benefit women, because all programs are move in the direction of increased EI benefits for workers who most closely fit the male breadwinner model of employment. Similarly, the \$48 million in new funding to expand economic opportunities for Aboriginal peoples appear to be designed as business creation benefits, and not the provision of direct benefits due to the status of being unemployed.

A third consideration is that the EI program was conceived as a way to protect families and those working on the margins of financial security from unexpected changes in the labour market. With the multiple problems of nonstandard employment, greater vulnerability to unemployment, and lower lifetime earnings overall, women are far more at risk of becoming dependent on social assistance if they cannot access unemployment insurance benefits. But turning to the social assistance system instead of to EI requires surrender of significant financial autonomy, because provincial social assistance programs require applicants to ‘spend down’ their assets to unsustainable levels or face having liens attached to property they may own. Women seeking job training or further education to regain employment are further hampered by lack of access to affordable care and other public services, especially during ‘austerity’ drives.

IV Proposed public service and personnel cuts will negatively affect women in federal employment and in their communities as compared with men:

While the EI changes discussed above involve relatively small amounts of funding (\$230 million in total, including Aboriginal economic programs), the proposed ____ in ‘savings’ from downsizing the public service is expected to result in the elimination of ____ federal jobs in 2012/13. These cuts are likely to affect women more negatively than men for several reasons:

- * The rate of private sector job creation that could result from spending \$230 million will be minuscule when compared with the magnitude of the job losses flowing from federal program restructuring; more net jobs will be lost than gained, overall.
- * The net private sector job gains will disproportionately go to men, while net public sector job losses will disproportionately go to women, because women are more equally represented in federal employment than in private employment.¹¹
- * Even for those terminated federal employees who may be able to move to private sector jobs, the average rate of pay earned by women in private employment is approximately \$2,000 per year less than in the public sector.¹²

- * During the most recent recession, 167% of women's employment losses were in public employment. Despite the fact that this was described as a 'he-cession,' only 3.9% of men's employment losses were in the public sector.¹³
- * The government's prohibition on collective negotiation of pay equity issues will adversely affect women as compared with men in the process of implementing these cutbacks.

These differential effects will further widen existing gender earnings gaps. Moving women out of decent paid public sector work into the less-regulated and lower wages of private employment will mean that women will become less able to afford care resources essential to carrying on paid work. It will also deprive them of the benefits of stable employment terms that may have been a strong consideration in initially moving into the public section.

V Proposed cuts to OAS benefits will negatively affect more women than men:

Budget 2012 announces two changes to the OAS/GIS system: permitting those turning 65 to defer receipt of OAS for up to five years in exchange for higher annual payments (\$8,814 annually instead of \$6,481), and, beginning in 2023, moving the date of eligibility for OAS/GIS back to age 67 instead of 65. The first change is voluntary; the second will be compulsory. Both will differentially burden women as compared with men.

Voluntary deferral up to age 70: This option will appeal to workers whose incomes are so high that their OAS payments would be completely clawed back if added to income from other sources, including employment income. On average, far more men than women will fall into this income zone, which is restricted to roughly the top income decile. Thus this option will be more available to those with the highest incomes.

On the low income side, workers may have little choice as to when to accept OAS payments: If their incomes are too low to support them without OAS/GIS supplementation, then they will not, as a practical matter, be able to defer receipt. Single women account for the largest majority of individuals in this situation: In 2008, over 72% of those over the age of 65 and living below the Low Income Cut Off (LICO) were women.¹⁴ Those in this situation will have greater need for OAS payment as early as possible, and thus cannot afford to 'choose' to continue paid work through age 70 in order to obtain the larger allowance after the voluntary deferral period.

Compulsory deferral to age 67 by 2023: The transition period proposed for this change targets workers who were age 53 when the budget was released. Because this is a compulsory deferral, workers affected by this proposal will not be able to assess the impact it will have on them and choose a different date. (Although it may be that an even later payout date will be available then too.) Even though more workers in their 60s may be more interested in later retirement dates than has been observed in previous decades, access to stable retirement funding by age 65 is likely to be more crucial for women than for men, because of the combined effects of sex discrimination, agism, and pension income splitting for couples:

- * Women's average earnings throughout life are lower than men's: women's average annual earning peak is currently around age 43; men's is more than a decade later, at 57.¹⁵
- * Women do not have as much financial capacity to save additional private funds to compensate for the loss of two years of OAS payments should they become unemployed due to market attitudes and/or other circumstances.
- * During labour market disruptions, women age 55 and older are among the first to lose their jobs, and are the last group to regain employment during the post-recovery phase of recessions.
- * Women continue to be singled out by virtue of their sex for unpaid care work, which, for older women, can unexpectedly become early retirement if sufficient employment-based support for such unpaid work is not available. (77% of family caregivers are women. [Decima]) Thus women are far more likely than men to find themselves constrained by heavy unpaid care responsibilities and age discrimination in continuing to obtain sufficient income to support themselves until age 67. Very few men find themselves in such situations.
- * Pension income splitting enables couples to retain more of their after-tax pension incomes, which enable couples to better deal with the financial effects of going for two years without OAS payments; this benefit is not available to single individuals.
- * Once OAS is received, pension income splitting artificially extends the clawback zone for the higher income spouse/partner, while shrinking it artificially for the lower income partner. The result is that higher-income partners/spouses in couples will receive larger OAS/GIS payments than will either single individuals or than lower-income partners/spouses: individuals cannot artificially reduce their incomes and thus artificially increase the amount of OAS/GIS not clawed back, while lower-income partners/spouses will actually keep less of their OAS/GIS because income-splitting will make their incomes artificially larger than they really are, and thus more of their OAS/GIS will be clawed back.

This last point is important from a budgetary perspective, because health programs designed to meet the needs of Aboriginal and other women – some of which cost less than \$1 million per year – have already been closed in the wake of Budget 2012. The extra OAS/GIS payments given to higher-income pension-splitting partners/spouses comes to a projected extra cost of _____ for 2012, while their lower-income partners/spouses lose _____. The net cost to taxpayers of this 'downstream' definition of income for pension-splitting couples is projected for a new \$256.9 million for 2012 alone. This is an example of how technical provisions of income tax legislation can be used to deliver large extra benefits to the richest taxpayers while using the language of deficit reduction, cost-cutting, and 'austerity' to justify cancellation of programs that obviously improve the quality of life for those with need that are hard to meet.

VI Restructuring Canada's retirement and income security programs without close attention to their gender impact will further exacerbate women's inequalities:

The federal government has been studying retirement and income security restructuring alternatives for several years, yet Budget 2012 contains no concrete information on what the expected gender impact of emerging alternatives might be. In fact, it appears that what information on gender impact is being withheld deliberately. [FOI request]

Quite apart from the huge amounts of savings and credits located in retirement and income security plans, the gender impact of possible alternatives is of crucial importance to women:

Gender inequalities in labour markets are fully reflected in investment and retirement holdings of women as compared with men. Women's lifelong lower incomes prevent them from participating equally with men in accruing employment- or savings-based income security or retirement resources. At the same time, the growing use of joint tax and benefit laws to link women's economic entitlements to their marital status creates barriers to women's equal earnings and can artificially shrink their retirement savings room. Unless the restructured system becomes explicitly equal and redistributive in favour of women – and removes the growing net of joint tax and benefit measures from all tax and retirement-related measures, the outcome of this process is entirely likely to make it even more difficult for women to save for retirement except through the good graces of a partner/spouse.

Update re 2010 figures (or latest available):

In 2005, 38.7% of all women would have received no tax benefit from RRSP contributions, because they had no tax liability

Men had 59% of the RRSP contribution room and made 61% of the contributions in 2005

Women had only 41% of the contribution room and made 39% of the contributions in 2005

Only 11% of all taxpayers with incomes under \$20,000 made RRSP contributions, but could only use 2% of their room

81% of those with incomes over \$100,000 made contributions; 84% of those taxpayers were men

While women with higher-income partners/spouses can benefit from spousal RRSPs in a form of RRSP room sharing (should their partner wish to use his/her RRSP room for this purpose), single and partnered women with lower incomes have no such options. In addition, single women with low incomes will actually put their GIS allowances at risk if they have RRSPs, even ones making modest distributions.

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TFSAs [started out at \$0.5 bill/yr; now what?]

Only couples with the highest incomes have net savings large enough to fund a \$5,000 TFSA for each spouse every year:

bottom quintile:	(\$3,700)	net debt
second quintile:	(\$2,500)	net debt
third quintile:	(\$800)	net debt
fourth quintile:	\$2,500	net savings
top quintile:	\$23,000	net savings

Highest-income taxpayers can multiply tax benefits from TFSA's by splitting investment incomes with adult children

Spousal TFSA's create fiscal disincentives for lower-income spouse earnings, savings, and economic autonomy

Directly undercuts incentives for lower-income spouse's pension accumulation or RRSPs; does not require legal title to pass to spouse with whom investments are being split

[illegible]

VII Tax Fairness and women: Federal tax law cries out for a thorough gender-based analysis of all the differential rules and subrules in existing legislation:

overall unfairnesses

- * exemptions associated with male ec sphere (GC)
- * huge Tes and direct expenditures, loans – pull it all together

Jtx unfairnesses

- * men incentivized to FT permanent empl.
- * women incentivized as buffer
- * huge subsidies to keep this system in place
- * unfair to all, and waste of HR as well as violation of Hrts
- *(human resources and human rts) – when Can was a devco, it fought off the shackles of outmoded sexism/gend hierarchies – only to be faced with their introduction almost exactly a century later

Joint tax and benefit measures pose particular problems for women with at all income levels, but they take on particular seriousness for women with low incomes. Low earnings make it difficult for women to earn enough to support themselves on an ongoing basis *and* to save adequately for retirement; thus they face impoverishment when they are elderly and least able to improve their income through extra paid work. On the other hand, a spouse/partner with higher earnings can increase his/her after-tax income by splitting that higher income with a low-income partner; the catch is that any return to paid work by the lower-income partner then carries with it an implicit tax penalty in the form of the loss of the tax benefits of income splitting.

Definition of the tax bases:

- prohibit sex discrimination
- mandate employment and pay equity
- refocus labour market policies around securing equal and sustainable access to paid work

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development and social goals. This would have to include monetary and fiscal policies that are more expansionary, taxation policies that provide governments with adequate revenues to fund social expenditures. If economic growth is to be broadly shared, it is necessary to introduce a set of labour market policies and related interventions that can affect working conditions in diverse employment situations. These should not only enhance the capabilities of workers to capture some of the productivity gains that are now siphoned off into profits, but also rectify gender imbalances and discriminatory practices. Second, if gender inequalities in labour markets are to be rectified, society as a whole has to seek specific means of both progressing toward a better balance between the provision of unpaid reproductive work and paid labour, and facilitating greater gender equality in both domains. For many developing countries, attaining gender equality requires strengthening publicly accountable systems of mutual assurance against entitlement failure. This means investing in well-functioning and accessible public health, education and care services that can also become a source of decent employment; broad-based and redistributive social insurance programmes; and public provision of a range of complementary goods and services such as clean water, subsidized food items, sanitation, electricity, transport and housing.

removing barriers to paid workPublic understanding and awareness of the complexities of women's economic status and how government policies affect women remains woefully limited in Canada. Lack of concern with safeguarding women's emerging equality in the 1900s and 2000s has left women increasingly out of the policy picture.

Since 2006, however, as direct and targeted policies with sharply negative gender effects have been implemented at an accelerating pace, it has become increasingly difficult to fully illuminate the vast number of ways in which fiscal laws lock women into second-class status. This budget analysis could and should contain detailed examples of how all of the tax cut and spending policies mentioned in it affect women as compared with men – but the list of examples is now so long, the demonstration of how negative gender impact is accomplished in each situation is so complex, that the readability of such a document would be questionable.

The sheer vastness of the negative effects of Canada's tax-transfer system on women after just six years of accelerated policy change points to an even bigger public policy problem: No agency of government exists anymore to take account of these changes from gender perspectives. The agency originally established to safeguard this account-taking – Status of Women Canada – has been stripped of this function, denied funding to carry out the technical analysis needed on each and every policy issue that affects women (and what policies do not?), and has cut off funding to the civil society organizations that had helped do some of this work.

At the heart of this analysis of the gender impact of Budget 2012 is this stark message: The rate

of change in fiscal and budgetary policy will continue to accelerate. Very little time to carry out adequate technical analysis and public education on key issues remains. The Government of Canada apparently does not mind what its policies might mean for women now or in the future.

that have ermmachinery will accelerate access Especially because so many). splitting with low-income supports *increases* couple-based benefits from OAS and even GIS with the joint features of specific sources of income security or retirement incomes

for both as they would qualify for a total OAS/GIS income of , Women with low earnings also entitle their partner to use them for income splitting purposes, which turns women's earnings into joint penalties. , and being able to increase couple after-tax incomes by trading paid work for voluntary economic dependency, there are few routes to renewed tendency of political actors to prioritize deficit-reduction and 'austerity' issues makes it unlikely that the Government of Canada will fund priorities renders transfer payments 's economic capacities for financial saving for retirement, Women's persistent and worsening labour market positions

In ignoring the effect of these forces on women, the Government of Canada is flouting its fundamental constitutional, legal, and international obligations to women. These obligations were clearly and voluntarily assumed when the Government of Canada ratified the United Nations Convention to Eradicate All Forms of Discrimination against Women, integrated the Beijing Platform for Action into all government processes, including formation of budget policies, implemented its own policies on gender-based impact analysis, and adopted world-renowned sex equality laws.

The economic status of Canadian women has deteriorated rapidly over the last decade. Unless the government quickly lives up to its obligations to women, Budget 2012 will ensure that sex equality will not be achieved during the lives of any women now living.

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These tax cuts undercut the progressivity of Canada's total tax-transfer system in two ways that negatively affect women: First, these cuts reduce government revenues that would otherwise be available to finance established programming. Second, these cuts can be used to justify ignoring women's economic programming needs, such as access to affordable care to enable them to increase their incomes.

By undercutting the progressivity of the total revenue system and then skewing what spending is left after cuts to direct expenditures are made, women's after-tax incomes will fall and their shares of national market incomes will increasingly be limited by their market incomes. Ongoing super-allocations of 60% to 90% of \$36.4 billion in ongoing tax cuts to men make it numerically impossible for women's share of after-tax incomes to ever catch up with men's share. And as Canada's economy does grow, the gender regressive distribution of those cuts will grow as well.

Infrastructure spending will not solve this problem: Most infrastructure funding programs have now been closed, and even if those left in place were gender-equal, the amounts involved cannot possibly offset the effect of \$36 billion+ revenue cuts favouring men, year after year.

Nor will the EI program solve the problem: It is only available to unemployed workers; special recovery measures are being phased out; and it is also severely gender regressive in impact.

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(2) Failure to address the gender impact of recessions has deprived women of equal protection under laws designed to protect workers from economic dislocation:

Until the onset of the 1990s recession, women's shares of market incomes rose rapidly – from 20% in 1967 to 31% in 1986, and another 3.2% by 1991. They experienced a slight boost in employment rates as they obtained temporary work, but as men regained employment, women's share of market incomes remained flat at 36% from 1997 right up until the beginning of the 2008 global economic crisis. Changes to unemployment insurance eligibility criteria and failure to enforce nondiscrimination legislation left women vulnerable to this extended period of stagnation. Women's employment rates actually increased by 6% during this period, but their collective share of market incomes did not increase; instead, more women worked more part-time jobs for longer hours and lower rates of pay.

The full gender impact of the 2008-9 recession will not be fully visible for many years to come. However, women's employment figures have followed the 1990s pattern so far. In 2010, women finally experienced their first slight increase in market income shares in the thirteen years since 1997 – an increase of just 0.003% – but that was accompanied by increased work hours, growing gender gaps in incomes by level of educational attainment, and falling government transfers.

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More bits to delete after picking:

GST tax rate reductions (2%)

\$10 billion (annual)

(\$34.8 billion 2007-2011)

- The GST and PST/HST are highly regressive, giving the biggest benefits to those with the highest incomes regardless of whether they save or spend
- The GST tax credits refunds only a small part of the GST that is paid by those with low incomes (the credit covers the tax on approx. \$4,750 of spending)
- GST tax savings per year on spending, for taxpayers in --

Bottom income quintile:	\$280
Top income quintile:	\$1,244
- The 2% rate cut has contributed substantially to the sharp reduction in federal revenues, thus impairing federal capacity to go ahead with adequate affordable child care or expand EI to give benefits to more marginalized members of the labour force
- As the federal government has placed pressure on provinces to induce them to ‘harmonize’ their PSTs with the federal GST, provincial tax bases are being expanded to include previously non-taxed services, resulting in further increases that affect low-income taxpayers the most negatively (usually without offsetting low-income credits)
- 62% of these federal GST tax cuts go to men, 38% go to women

Personal income tax cuts

\$7.35 billion, 2010-2011

(\$18.4 billion, 2008-2010)

- **Lowest income tax rate reduced from 16% to 15%: (\$5.5 bill)**
 - At least 40.4% of women receive no benefit from any of these cuts because their incomes are so low they already pay no income taxes
 - These cuts to to middle and high income taxpayers too – to all taxpayers
 - Women’s average incomes are too low to use the whole benefit of this cut
 - The average benefit to men of this cut is \$196 – to women, \$171
 - Men receive 57% of this cut, women, 43%

- **\$220 increase in the personal exemption:** **(\$0.55 bill.)**
 - At least 40% of women will receive nothing from this cut (no tax liability)
 - This cut is also available to all taxpayers, no matter how high their income
 - 54% of this cut goes to male taxpayers; maximum cut/year = \$33¹⁶
- **\$1,894 increase in the lowest income bracket (15%):** **(\$1.0 bill.)**
 - Only 14% of all women taxpayers can get this tax cut (and 30% of all men)
 - 67% will go to male taxpayers; maximum cut/year = \$132¹⁷
- **\$3,788 increase in the second income bracket (22%):** **(\$0.3 bill.)**
 - Only 6% of all women taxpayers will enjoy this tax cut (and 14% of all men)
 - 70% of this cut goes to male taxpayers; maximum cut/year = \$151¹⁸

Employment insurance

***\$4.8 billion, 2010-2011
(\$2 billion in 2009-2010)***

- For 2010-2011, \$2.6 billion of this total is being allocated to further extensions of EI for those with 'standard' eligibility for regular benefits
- For 2010-2011, an additional \$2.2 billion is being allocated to labour market adjustment projects in regions facing special challenges
- Regardless of program allocations, those working less than 35 hours per week during qualifying periods have marginal eligibility
- Because 70% of all part-time workers are women, and because the hourly wages of women in all employment categories are lower than men's, only about 36% of those receiving regular EI benefits are women
- The EI extensions offered in 2009 and 2010 (announced in Budget 2009) are only available to workers already qualifying for EI; they do not bring other workers into EI
- The new women workers who might qualify under EI enhancements are those who stayed at home for long periods of time with their children – not women in non-qualifying paid work who have only taken time out for maternity leave, and who are disproportionately disadvantaged in obtaining those EI benefits due to the current eligibility criteria
- There is growing support for the 360 hour EI qualification test
- Postponement of increases in employee contribution rates and reduced employer contribution rates that have never occurred are not real tax benefits

Home buyer tax credits

\$200 million in 2009-2010

- These credits will only be available to those who can afford to purchase a home
- Because these credits are not refundable, even low-income taxpayers who are able to purchase a home cannot use them, because they will have no tax liability against which to offset them
- On average, women will thus receive far fewer credits under this program, because their average incomes are much lower than men's:
 - women's average incomes: \$27,000
 - men's average incomes: \$45,000¹⁹
- Most women's incomes fall into the three lowest income quintiles, all of which are net

dis-savers – they end every year with net debt²⁰

- For the same reasons, low income taxpayers – predominantly women – will not have RRSP savings that they are allowed to roll into home purchases on a tax-free bases

Working income tax benefit ***\$580 million per year***

- The current Working Income Tax Benefit (WITB) is \$522/year for a single individual and \$1044 for a single parent; Budget 2009 enhanced these benefits to the current levels:
 - Single individuals: to \$925 credit per year, phased out at income of \$16,700
 - Single parents: to \$1,680 credit per year, phased out at income of \$25,700
- Only one spouse/partner or the other can claim this credit
- Women who cannot enter paid work without affordable reliable child care will not be able to take advantage of this increased credit

Canada child tax benefit ***\$230 million/year***

- The brackets measuring the phase-out of the Canada Child Tax Credit and the National Child Benefit Supplement are each being increased by the same \$1,894 that is added to the 15% income bracket
- The result of this change is to increase at the top end of the brackets used to phase-out these two low-income benefits, adding a bit more to the after-tax income of the parents currently receiving the CCTB or NCB Supp at the highest end of that income scale
- No new money is going to parents at the low end of the income brackets used to measure qualification for these benefits, however

UCCB/Single parent calculation ***\$5 million/year***

- The ‘Universal Child Care Benefit’ was introduced in 2006 to replace the \$5 bill. national child care program established in 2005 (UCCB cost/year = \$2.1 billion)
- The government claimed that it ‘will support child care choices by families’²¹
- The UCCB is taxable; this change can reduce a single parent’s tax on it by up to \$168/yr
- Even the full UCCB (\$1200/yr) is far too little to enable single parents to ‘choose’ between caring for their children at home or paying for childcare so they can earn income

Joint tax measures ***Ongoing; expanded in 2006***

- **All joint fiscal measures create disincentives to women’s paid work**
- **Joint low-income refundable tax credits impose tax penalties on low-income women:**
- There are a few tax benefits that are designed to provide refundable credits to those whose incomes are too low to be able to claim ordinary tax benefits (40.4% of women)
 - GST tax credit
 - Canada Child Tax Benefit
 - Working Income Tax Benefit [\$580 mill/yr; \$522 single; \$1044 couple]
- However, these refundable credits are all subject to couple-based LICOs that artificially bar many low-income women from receiving these refundable credits

Single taxpayer:	\$13,500	[2009: \$16,700]
Coupled taxpayer:	\$21,500	[2009: \$25,700]

- These couple LICOs raise the ‘welfare wall’ for low-income women in relationships
- They impose tax penalties on relationships without regard for the economic realities of those relationships
- **Open-ended joint tax measures undermine women’s economic security:**
- Unlike joint provisions for low-income refundable tax credits, many joint tax benefits discourage women with mid/high income spouses/partners from earning income
- Most joint tax benefits reward higher income spouses for supporting their spouse/partner – without any upper limits on eligibility, no matter how high the income (*e.g.*, dependent spouse credit and transferrable spousal credits; family limits on child care deductions; spousal RRSPs; caregiver credits; Universal Child Care Benefit; pension income splitting; TFSA investment income splitting)
- **Pension income splitting (2006 onward; \$0.6 bill/year):** For couples only: The higher the income of the supporting spouse, the higher the tax benefit from pension splitting:

Supporting spouse/	\$26,800	Tax benefit:	—
partner income:	\$31,800		\$500
	\$41,800		\$700
	\$72,000		\$2,975
	\$100,000		\$8,125
	\$140,000		\$11,216
- Creates fiscal disincentives for lower-income spouse to work after higher-income spouse/partner retires, to have own-source pension income, or a spousal RRSP

Tax-free savings accounts: \$0.5 billion (2009; expanding)

- \$5,000 can be contributed to tax-exempt accumulation accounts each year for ultimate tax-exempt withdrawal; \$10,000 per couple; \$5,000 per adult child
- Only the top quintile of households have enough savings to fully fund TFSAs fully²²
- Spousal TFSAs are not required to remain the property of the non-earning owner

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Endnotes:

1. These data are drawn from: HRSDC:
http://www4.hrsdc.gc.ca/.3ndic.1t.4r@-eng.jsp?iid=19#M_2 (hours worked); Statistics Canada, General Social Survey (cycle 24) (unpaid hours); Statistics Canada, *Social Policy Simulation Model and Database* (v. 19.0, modelling 2012) (shares of market and consumable incomes) [The assumptions and calculations underlying the simulation results were prepared by Kathleen Lahey and Andrew Mitchell and the responsibility for the use and interpretation of these data is entirely that of the authors.]
2. Government of Canada, *Annual Financial Report - Fiscal Year 2008-2009*, at http://www.fin.gc.ca/afr-rfa/2009/afr-rfa09_1-eng.asp; *Annual Financial Report - Fiscal Year 2010-2011*, at <http://www.fin.gc.ca/afr-rfa/2011/afr-eng.pdf>; *Budget 2012*.
3. Budget figures are compiled from Budgets 2007 through 2012; shares of items by gender are based on methodologies documented in Kathleen A. Lahey, 'Women, Substantive Equality, and Fiscal Policy: Gender-based Analysis of Taxes, Benefits, and Budgets,' *Canadian Journal of Women and the Law* 22(1): 29-108.
4. Women's share of national market incomes increased by just 0.3% between 1997 and 2010, or 0.02307% per year. At this rate, women will not close the remaining market income gender gap of 13.7% until the year 2593. And any year in which that gap widens will delay 'Equality Day' even further.
5. These figures are based on the Parliamentary Budget Office, _____
6. OECD through 2007
7. Even when making its best case for the growth-enhancing effects of corporate income tax cuts, the government itself admitted that they only weakly promote economic growth. (Budget 2010, table A1.1) Indeed, the bulk of expert opinion rejects that position simply because it has proven to be difficult to establish any causal connection. Nor does the raw data support such a claim. It is disputes like this that call into question the fundamental motivations driving the government's rush to cut corporate income tax rates to near-global record lows, let alone their efficacy in bringing an end to labour market and GDP growth recessions.
8. Only 7% of construction, trade, transportation workers are women; only 21-22% of those engaged in engineering, manufacturing, and primary industries are women. Statistics Canada, 'Work Chapter Updates,' *Women in Canada* (Ottawa: 2005); online: <http://www.statcan.ca/english/freepub/89F0133XIE/89F0133XIE2006000.htm>. [This can be updated via WIC 2010/] In 2007, only 21 to 23% of workers in the research and technology areas targeted by the educational innovation funds were women. Statistics Canada, 'University Enrolment, 2007/2009,' *The Daily* (July 13, 2009); online: <http://www.statcan.gc.ca/daily-quotidien/090713/tdq-9-713-eng.htm>.

9. Budget 2012, table 3.0, <http://www.budget.gc.ca/2012/plan/pdf/Plan2012-eng.pdf>.
10. Budget 2012, table 3.3, summarizing the specific programs.
11. GS data
12. Sanger 2010
13. GS data
14. Statistics Canada, *Income in Canada, 2006* (Ottawa: 2008).
15. AM run on spsdm v. 19.0 for 2007.
16. Based on data in CRA, *Income Statistics 2007*.
17. Based on data in CRA, *Income Statistics 2007*.
18. Based on data in CRA, *Income Statistics 2007*.
19. Canada Revenue Agency, *Income Statistics 2007 [2005 tax year]* (Ottawa: 2007) table 6, at 15-16; online: <http://www.cra-arc.gc.ca/gncy/stts/gb05/pst/fnl/pdf/table6-eng.pdf>.
20. Sauve, Vanier Institute for the Family, 2005.
21. Hon. Flaherty, Minister of Finance, The Budget Speech 2006 (May 2, 2006); online: <http://www.fin.gc.ca/budget06/speech/speech-eng.asp>.
22. Sauve, Vanier Institute for the Family, 2005