

# ***Economic Gender Equality in Canada:***

## ***Market, Care, Tax, and Benefit Issues and Solutions***

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### ***Getting to economic gender equality through government policies:***

- I It is the law now – All levels of government in Canada are obligated to eradicate all forms of discrimination against women**
- II 'Governing for growth' has reduced most tax revenues, benefit programs, and ministerial mandates, but has not reduced gender inequalities, poverty, tax competition, or international tax havening**
- III 'Governing for equality' calls for gender impact analysis in all policies, programs, and laws in order to increase revenues, income security, and women's economic equality at the macro, meso, and micro levels**
- IV Attaining gender equality requires unwinding complex market, care, tax, and spending policies that lock economic inequalities in place**

### ***2015: recognition of importance of gender equality in all spending and revenue laws:***

- Sustainable Development Goals (SDGs) for 2030 confirm that gender equality and biosphere sustainability are core outcomes
- UN Financing for Development (Addis) includes gender equality and life sustainability in all macroeconomic and other fiscal policies
- Beijing+20 outcome documents confirm that gender-based analysis apply to all economic, fiscal, regulatory, and development policies
- The SDG indicators include almost all the indicators and data commitments needed to carry out comprehensive gender impact analysis of all spending, tax, and other fiscal policies --
- CEDAW, UN Rapporteurs, and major international organizations are all recognizing the binding status of all commitments to economic gender equality (CEDAW cases of Blok and Canada; Sepulveda)

### ***Equality = parity in relation to --***

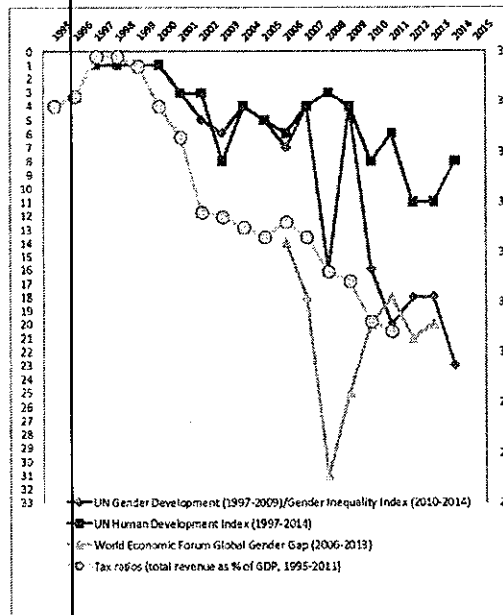
- Regional or national economic development initiatives, including urban vs rural, poverty, and income inequality divides
- Business innovation and productivity incentives
- Policies designed to ameliorate the impact of recessions
- Gender effects of austerity, recovery, and adjustment policies, as between women and men
- **Fiscal and redistribution instruments:**
  - Taxes on income, consumption, assets
  - Cash transfers (taxable or tax exempt)
  - Subsidies to consumption, inputs, credits, and tax expenditures
  - In kind transfers via fully or partly public provisioning
  - Transnational relations

## ***'Going for growth' and 'taxing for growth' drive detaxation and income inequality --***

- 'Going for growth' claims that reducing governments programs will grow GDP by accelerating business investment with tax cuts and thus increase employment
- 'Governing for growth' reduces government costs and business taxes but leaves human and social costs on the ground – with private individuals and communities
- The formula for 'going for growth' combines detaxation, flattening tax rates, reducing employment benefits and security, increasing income inequalities – and making the 'business case' for women's increased involvement in paid work –
  - 1 Reduce corporate and top personal income tax rates
  - 2 Increase local taxes – property, VAT, and environmental taxes
  - 3 Reduce benefits for retirement, disability, unemployment
  - 4 Eliminate subsidies for housing costs
  - 5 Use tax subsidies only to reward business investment (eg, SEZs)
  - 6 Eliminate sector and trade subsidies and barriers to capital flows
  - 7 Implicit acceptance of offshoring, tax havens, and illicit flows
  - 8 **Increase married women's involvement in paid work**

## ***Human development and gender equality rankings vs tax ratios, 1995-2015 data***

	HDI 1995	GDI 1995	HDI 2015	GII 2015	Tax % 1995	Tax % 2014	Change/ tax %
Canada	1	1	9	25	34.9	30.9	(4.1)
Norway	3	2	1	9	40.0	39.1	(0.9)
US	4	5	8	55	26.4	26.0	(0.4)
Nether.	6	11	5	7	38.9	36.7	(2.2)
NZ	9	8	9	32	35.6	32.4	(3.2)



**Distribution of \$47 billion in 2016 revenue lost due to all 1997-2016 personal federal tax changes, by decile and gender**

Range of total family incomes in each decile	Net tax cuts received in each decile (\$millions)	Net tax cuts received in each decile (%)	Men's shares of cuts within decile (%)	Women's shares of cuts within decile (%)
1: up to \$19,700	\$ 330.5	0.7%	52.1%	47.9%
2: \$19,701-\$29,100	\$ 946.4	2.0%	42.1%	55.9%
3: \$29,101-\$39,500	\$ 1,298.6	2.7%	50.0%	50.0%
4: \$39,501-\$50,500	\$ 2,135.8	4.5%	59.0%	41.0%
5: \$50,501-\$63,400	\$ 2,891.5	6.2%	61.2%	38.8%
6: \$63,401-\$78,900	\$ 3,736.0	8.0%	68.8%	30.2%
7: \$78,901-\$98,700	\$ 4,809.2	10.2%	69.6%	30.4%
8: \$98,701-\$125,800	\$ 6,111.8	13.0%	73.5%	26.5%
9: \$125,801-\$168,800	\$ 7,979.9	17.0%	73.8%	26.2%
10: \$168,801 and up	\$16,708.9	35.6%	72.7%	27.3%
All	\$46,948.5	100%	69.7%	32.1%
Top 20%	\$24,688.8	52.6% of all cuts	73%	28.2%

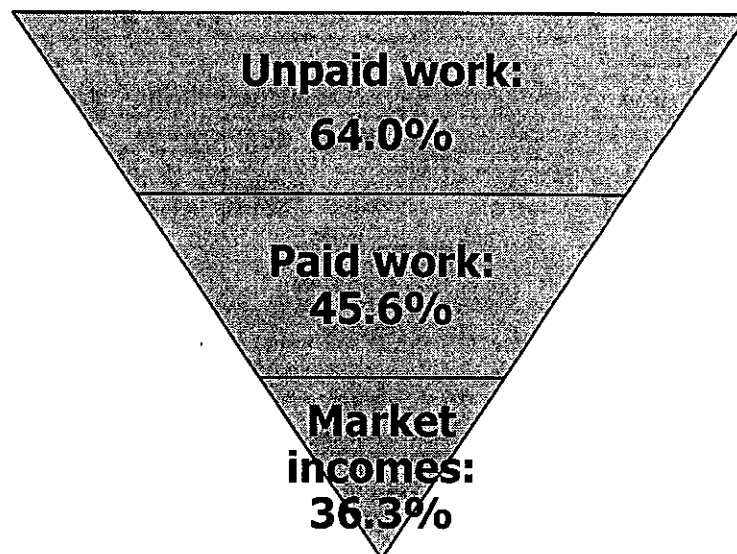
Source: Statistics Canada SPSPD/M v. 22; deciles and results have been rounded; personal federal tax cuts are from personal income, payroll, and commodity taxes.

## ***Federal-Provincial-Territorial Ministers Economic Gender Equality Indicators:***

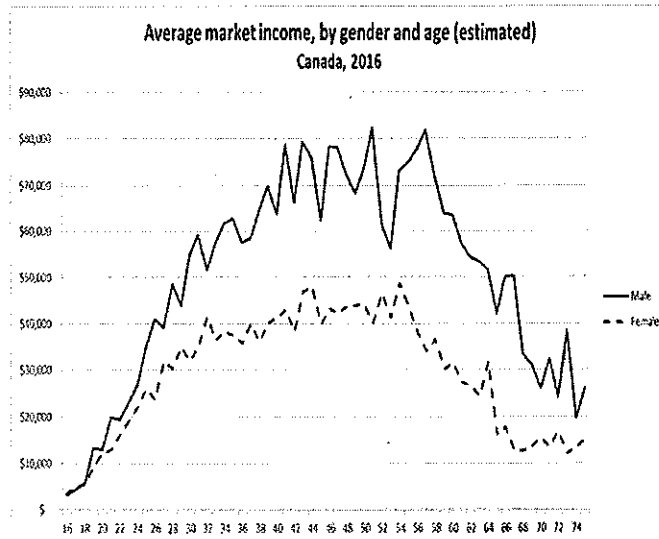
- Women's and men's employment rates, plus
  - Shares of all fulltime paid work
  - Shares of all parttime paid work
- Women's and men's shares of total work time, plus
  - Shares of paid work hours
  - Shares of unpaid work hours
- Women's and men's shares of incomes, consisting of
 

■ Market incomes, by sources	)	
■ Total incomes	)	by gender,
■ Taxable incomes	)	household, and
■ After-tax incomes	)	dependents
■ Consumable incomes	)	
- Women's benefits from education:
  - Size of gender gap at each level of educational attainment
  - Gender gap expresses women's incomes as a percentage of men's incomes at each level

## ***Women's shares of market incomes vs shares of total work hours, Canada, 2010***



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***Women's fulltime incomes as % of men's, by education, Canada, 1971-2010***

Educational attainment	1971	1985	1990	1995	2000	2005	2010
< grade 9	55.5	58.8	59.2	68.7	69.6	69.4	51.5
Some second.			63.4	61.8	64.6	57.3	65.6
Graduated HS	56.8	61.8	71.2	71.7	73.0	71.0	70.4
Some postsec	59.3	67.2	64.8	64.4	75.0	75.6	72.6
Postsec cert.	66.9	67.4	68.8	73.8	70.6	68.6	71.2
Univ. degree	61.2	67.2	69.2	75.1	73.6	68.9	68.3
Average	59.7	64.0	65.0	72.0	72.5	70.5	71.3

### ***Average incomes by sex and race/ethnic identity, Canada, 2011***

Census identity category	Men's av. incomes (\$)	Women's av. incomes (\$)	Wm's av. as % of men's
Southeast Asian	38,196	26,924	70.5
Filipino	37,022	31,426	84.9
Latin American	35,765	25,787	72.1
Arab	37,227	24,792	66.6
Japanese	56,136	32,690	58.2
Korean	33,086	23,356	70.6
Chinese	39,348	29,675	75.4
Black	34,508	29,604	85.8
<b><i>Average of total visible minority population</i></b>	<b><i>38,550</i></b>	<b><i>28,450</i></b>	<b><i>73.8</i></b>
First Nations single identity	28,251	24,214	85.7
Metis single identity	41,308	29,114	70.5
Inuit single identity	32,825	30,670	93.4
<b><i>Average of all census groups in Canada</i></b>	<b><i>48,594</i></b>	<b><i>33,000</i></b>	<b><i>67.9</i></b>

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### ***Infrastructure spending***

***\$9.6 bill  
2010-11***

- No gender equity requirements have been included in these spending programs
- Little of this spending will go to women because of pronounced gender segmentation in the construction industry (ownership, labour force, training programs):
  - 7% of construction workers are women
  - 7% of those in the trades and transportation are women
  - 22% of engineers are women
  - 21% of those in primary industries are women
  - 31% of manufacturing workers are women
  - 0% of STEM chair funding (2010)
- None of this spending to date was awarded for childcare projects – cf. women's vs animal shelters; religious youth centre in Winnipeg

## ***Gender impact of resource development: Generalized effects:***

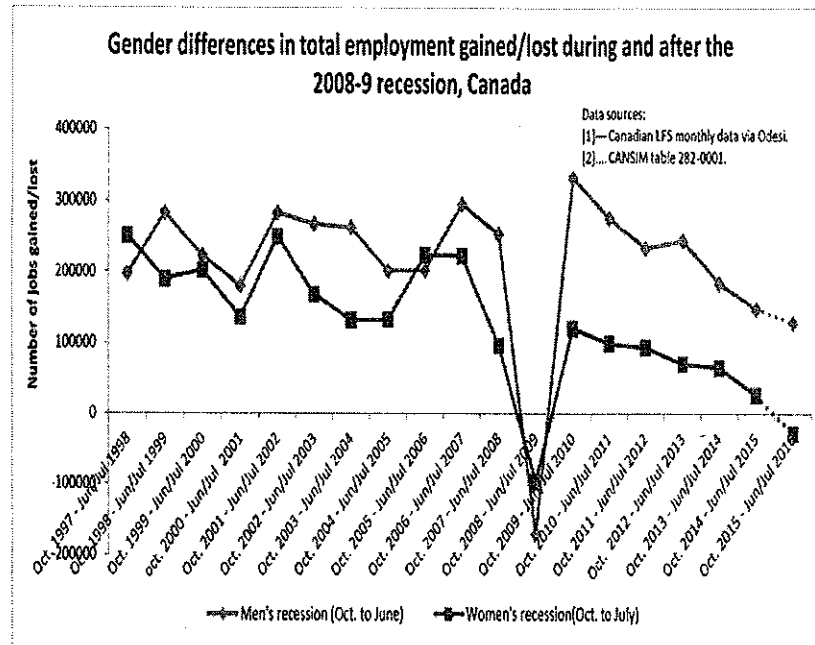
- Politically, the ease of raising revenues by supporting rent-seeking development blurs concerns with productivity and enables governments to dodge fundamental economic issues
- The strong bias in favour of male labour creates heightened barriers to women's good paid work, and takes attention away from child care and educational funding, both crucial to women
- This form of 'trickle down' does not benefit women
- **Eg, Alberta and Timor-Leste oil fields:**
  - The gender wage gaps become extreme
  - Young women's rates of education fall
  - Birth rates increase
  - Women lose political voice
  - Care and unpaid work loads increase

## ***Employment insurance***

***\$4.8 bill  
2010-11***

- Since mid-1990s, those not in 'standard employment' have had markedly reduced EI coverage, women more so than men because of high levels of part-time work
  - Some researchers reported that before the changes, 72% of unemployed women received EI benefits
  - Subsequent to these changes, only 33% of unemployed women and 44% of unemployed men qualify
- Only 31% of beneficiaries receiving 'regular' EI in 2009 were women -- 69% were men
- 65% of all the beneficiaries of EI health and family-related are men (more men's wages covered by EI)
- The Budget 2009/10 emergency EI package was mainly limited to those already qualified in the system





## **RRSPs**

**\$9 bill/yr**

- In 2005, 38.7% of all women would have received no tax benefit from RRSP contributions, because they had no income 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
- Low income single women will jeopardize their GIS rights with RRSPs
- Thus low income single women are pushed toward aftertax TFSA's, which produce relatively small tax benefits compared with RRSPs

### ***Pay equity as a strategy for overcoming women's economic inequalities, Alberta, 2016***

Male average income	\$56,795 per year
Female average income	\$28,642 per year
<b>Female after pay equity adjustments</b>	<b>\$38,730 per year</b>
Women's increase as %	35.2% per year
Increase in federal revenues	\$3,625.4 million (est for 2016)
Reduced federal transfers	\$408.0 million (est for 2016)
<b>Net increase in federal balance</b>	<b>\$4,033.5 million (est for 2016)</b>
Increase in Alberta revenues	\$1,497.7 million (est for 2016)
Reduced Alberta transfers	\$65.3 million (est for 2016)
<b>Net increase in Alberta balance</b>	<b>\$1,596.5 million (est for 2016)</b>
<b>Total increase in federal plus Alberta annual budget balance</b>	<b>\$5,596.5 million (est for 2016)</b>

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### ***Tax expenditures disproportionately benefit men yet bypass most women:***

- Tax expenditures are 'hidden' expenditures; few countries publish the details of these tax expenditures, especially in CIT (Canada does)
- Tax expenditures reports do not reveal all tax advantages – they exclude 'structural' changes like CIT, PIT, or GST rate cuts, changes to bracket sizes or rates, and in definitions of the tax unit
- The 'upside down' effects of benefits delivered via tax systems:
  - Personal income tax benefits cannot be claimed by those whose incomes are so low that they have no tax liability
  - The value of tax expenditures increases with income
- Joint tax/benefit expenditures: Many women cannot take full advantage of tax benefits due to joint benefit and penalty provisions, which covertly subsidize the 'male breadwinner' model of fiscal policy and disincentivize women's economic autonomy

## ***Corporate income tax rate cuts***

***\$13.3 bill  
2012***

- Main beneficiaries: shareholders, top executives, and foreign corporations; labour share is questionable
- Women's share of income and wealth in this sector:
  - Women directors/top 500 corps (2010): 10%
  - Women in 'management pipeline' (2010): 17%
  - Women % corporate shares (2009): 37%
- CIT rate cuts reduce the incentive effects of investment, R & D, and other business tax credits
- These CIT rate cuts increase after-tax retained corporate earnings increasingly used to fund payment of tax-credited dividends and incentivizing capital gains tax benefits

## ***Joint tax measures impose numerous tax penalties on low-income women:***

- Tax exemptions for dependent spouses create tax barriers to women's paid work
- Low income allowances or credits to those with small earnings are not enough to 'make paid work pay'
- Even refundable income tax credits and taxable allowances will interfere with making paid work pay, especially if they are based on couple incomes or household incomes
- If a joint family or couple income threshold is used as a condition for getting benefits, paid work will not be permitted for women
- Joint tax penalties that depend on relationships without regard for the economic realities of those relationships raise women's 'dependency wall' as well as their 'welfare wall'

## ***Tax benefits/transfers for unpaid partner work vs paid caregiving (Canada, 2012/2014)***

<b><i>Fiscal benefits re unpaid care</i></b>	<b><i>Amount</i></b>	<b><i>Men</i></b>	<b><i>Women</i></b>
Canada child tax benefit	\$10.3 bill.	5%	95%
UCCB	2.5 bill.	19%	81%
	+ 4.4 bill.		
Child tax credit	1.6 bill.	66%	34%
Dependent spouse credits	1.5 bill.	57%	43%
Transferred spousal credits	0.9 bill.	72%	28%.1%
Parental income splitting (2014)	2.0 bill.	85%	15%
<b><i>Total costs \$23.2 bill.</i></b>			

### ***Fiscal benefits re paid care***

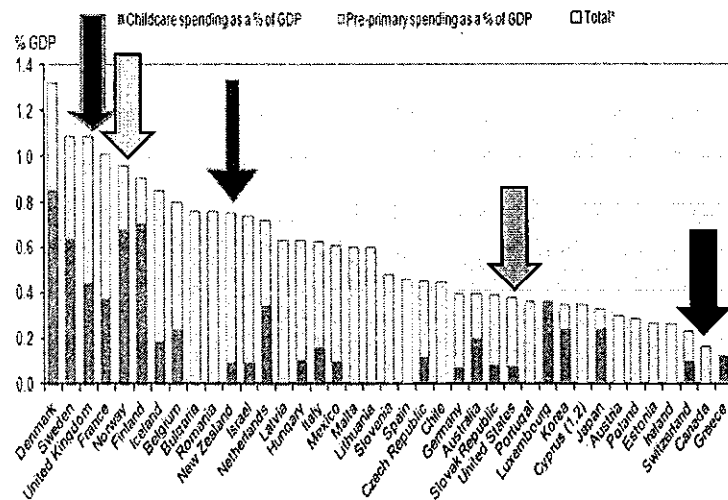
Child care expense deduction	<b><i>\$ 1.6 bill.</i></b>	28%	72%
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***Grand total all costs \$24.8 bill.***

***(only 7% of the \$24.8 bill. supports actual paid child care)***

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## ***Public expenditure on childcare and early education, as % of GDP, OECD, 2007***



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***Participation tax rate [PTR] and childcare costs [CCC] for second and lone parents, 2012***

	Second parent PTR+CCC	Second parent no CCC	Second parent CCC	Lone parent PTR+CCC	Lone parent no CCC	Lone parent CCC
<b>Korea</b>	10.4%	10.4%	---	60.0%	60.0%	---
<b>Sweden</b>	30.9%	22.2%	8.9%	61.7%	57.2%	4.2%
<b>Australia</b>	73.1%	41.9%	31.2%	69.2%	52.7%	16.5%
<b>Canada</b>	77.9%	31.4%	46.5%	94.1%	52.7%	41.4%
<b>US</b>	80.0%	27.3%	52.7%	90.8%	53.0%	43.8%
<b>UK</b>	88.3%	21.2%	67.1%	78.9%	70.4%	8.5%

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***Working income  
tax credit***

***Low-income  
tax penalty***

- WITB is phased out at different levels for single taxpayers than for taxpayers who are coupled:
  - Single taxpayer: \$18,300
  - Coupled taxpayer: \$28,200
- Coupled taxpayers can have very low incomes and still lose the WITB due to spouse/partner income
- This presumed income sharing deprives the taxpayer of economic autonomy
- This raises the 'welfare wall': the rapid phaseout of WITB for taxpayers in couple increases the total tax load on those earnings faster than if that taxpayer were single

## ***Pension income splitting***

***\$1.5 bill  
2012***

- Couple income and dollar value of income splitting:

\$26,800	—
\$31,800	\$500
\$41,800	\$700
\$72,000	\$2,975
\$100,000	\$8,125
\$140,000	\$11,216
- Pension splitting re-writes reality in order to justify giving selected pairs special tax benefits
- These tax benefits are not gender-neutral: For example, they create fiscal disincentives for the lower-income spouse/partner to have pension income, their own RRSP, or a spousal RRSP
- Raises the marginal tax rate on lower-income spouse's earnings, should employment be sought
- Gives tax benefit for fictional sharing of legal ownership, another disincentive to true sharing between spouses
- For couples only: excludes single individuals or those living with other family members

## ***Home renovation tax credit***

***\$2.7 bill  
2009 yr***

- 40% of all women's incomes are so low they cannot take advantage of any income tax credits (cf. 25% of men)
- CRA webpage examples:
  - Retired single woman with \$18,500 income cannot claim tax credit for her home renovation costs because she has no income tax liability
  - Married woman with no income can give her receipts to her husband to claim and thus obtain the full \$1,350 tax credit
  - The married woman's husband also receives additional valuable tax credits for supporting her
  - Two brothers sharing real estate can each claim their full maximum individually
- Most single women who will have high enough income tax liability to be able to claim this credit cannot afford to spend \$10,000 on creditable home renovation

***Fiscal individualization, by decile, sex, and disposable incomes, all Canada, 2016***

Income decile	Individuals in decile (000s)		Change in average disposable income, per individual (\$)		
	Male	Female	Male	Female	Avg/Both
1	40	60	601	3,292	2,376
2	36	64	1,404	5,097	3,984
3	38	62	1,086	3,316	2,417
4	44	56	(332)	4,056	2,109
5	49	51	(381)	3,842	1,777
6	52	48	(791)	4,137	1,630
7	51	49	(1,192)	3,336	910
8	55	45	(1,323)	3,025	486
9	65	35	(1,379)	2,961	72
10	74	26	(1,819)	2,158	(869)
<b>Total</b>	<b>50</b>	<b>50</b>	<b>(660)</b>	<b>3,678</b>	<b>1,493</b>

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***'Governing for equality' begins with 'taxing and spending for sex equality' --***

- 'Taxing and spending for sex equality' that takes gender and racialization, Indigenous, disability, poverty, and other inequalities into consideration can promote economic equality and development
- Solutions with proven track records include --
  - 1 Restore progressive taxes on incomes and capital -- ability to pay
  - 2 Individualize all spending and tax measures completely
  - 3 Eliminate all inequalities in hiring, wages, promotion, and benefits
  - 4 Invest in affordable education and skills training at low costs to all
  - 5 Secure full affordable early childhood and child care services for all
  - 6 Reduce taxes on low earned incomes and provide earned income credits
  - 7 Increase income security, pension, and other economic supports for low and middle income individuals
  - 8 Guarantee income security for single parents, low-income, and low-skill workers
  - 8 Reduce imbalances of capital incomes at high income levels
  - 9 Eliminate residual tax/benefit penalties that penalize women's paid work
  - 10 Reduce tax loads on low-income self-employed