



Canada's Budget 2012-2013

*For a tax system that promotes the equality of
women*

This brief outlines three recommendations to promote the right to equality for women. It proposes reversing tax breaks and certain expenses in order to increase investments in social housing, daycare services, employment insurance, health care, and other programs that will benefit the vast majority of Canadians and create well-paying jobs. It also calls for the government to respect the international commitments it has made to take into account gender differences and to eliminate discrimination when preparing its budgets and developing its tax policies. Furthermore, this brief proposes measures to reinforce public pension plans, such as increasing the Guaranteed Income Supplement (GIS) by 15%, in order to protect the right to retire and to bring elderly women out of poverty.

Montreal, August 12, 2011

La Fédération des femmes du Québec (FFQ)

The FFQ is an independent feminist organization that works, in concert and in alliance with other groups, to transform the social relationships between the sexes in all areas of human activity in order to promote the development of women's full independence and the genuine recognition of all of women's contributions to society.

Its primary objectives are to promote the rights of women and advocate on behalf of women, and to oppose all forms of violence, discrimination, marginalization and exclusion of which women are victims. Its goal is the achievement of equality between women and men in all elements of society, and the FFQ works to establish conditions that facilitate the achievement of that objective from a pluralist perspective – one that includes women in all their diversity of experience, from every group and every background.

The FFQ has 185 association members and 642 individual members.

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Introduction

Our brief is divided in three sections. The first section addresses the need to make federal budgets benefit women and communities by making them fairer and re-evaluating how the budget can be balanced by 2014. The second section examines gender-based analysis used to prepare government budgets, while the third section outlines the benefits of reforming the pension plans in Canada and Quebec to guarantee a higher quality of life for retirees and allow elderly women to live above the poverty line.

A fairer tax system that meets the needs of women and communities

In its June 2011 budget, the government announced that it anticipated balancing the budget by 2014-2015, that is, one year earlier than originally planned. To achieve this goal, each year the budget must be reduced by \$4 billion. The government is currently evaluating its expenses through a Strategic and Operating Review. All federal departments and agencies will have to meet the Treasury Board's demand for two scenarios that will provide ongoing budget savings of 5% to 10% of their total direct program spending. It is obvious that these cuts will affect some programs and services, but which ones? What will be spared? The Canadian Centre for Policy Alternatives (CCPA) estimates that these cuts will result in the elimination of 80,000 public-sector jobs.¹ Already, cuts have been implemented without sharing the plan and without any real public debate.

The FFQ is very concerned about the lack of transparency shown thus far, but it is even more concerned about the impact these cuts may have on the quality and accessibility of services to the public, specifically on the living conditions of women.

¹ <http://www.policyalternatives.ca/newsroom/news-releases/federal-budget-set-unleash-significant-program-spending-cuts-ccpa>

The income gap continues to grow in Canada, and a growing number of women are on the wrong side of the divide, finding themselves living in poverty and in inadequate housing.² Aboriginal women are at a higher risk of sexual and physical violence due to overpopulation and the housing shortage on reserves. Elderly women in particular are very susceptible to poverty. According to the Conference Board of Canada, between 2006 and 2009, there was an increase of 128,000 more seniors who were living in poverty, of which 70% were women.³

The Conference Board of Canada also reports that tax policies are no longer reducing the income gap, mainly because social programs such as employment insurance and social assistance were cut at the same time that tax breaks were given to people in higher income tax brackets. The vast majority of people that benefited from the tax cuts were men, while women were the most affected by the cuts to social programs. The last round of tax cuts that the Harper government promoted so strongly during the recent election benefited only the richest households. For example, the family income splitting measure, which was already in effect for senior couples and was expected for other couples, benefited mainly a handful of men who were rich enough that their wives did not have to work. This measure could also discourage women from pursuing paid employment, which increases their dependency on their spouse. However, if these funds were invested in daycare services, more women could achieve financial independence, as is already the case in Quebec. This would also create many new jobs that pay well. In the same way, new tax credits for caregivers do not actually benefit those who are caring for others, mainly because the caregivers do not have a high enough income to benefit from a tax credit. For caregivers to truly benefit, either the tax credit must be refundable, or more funding must be allocated to home-care services.

It would be possible to reduce the deficit without cutting social programs if the tax rates for corporations and high-income taxpayers were re-established and if less funding was allocated for military spending (a high of \$22 billion) and for the controversial F-35s (more than \$30 billion?). Instead of fighting crime at the roots, that is, poverty and the absence of support for children in need or for people with mental health issues, the government is committing more than \$1 billion a year to support a “tough on crime” approach,⁴ which often results in racial profiling and a disproportionate imprisonment of Aboriginal or visible minority women.

Another approach, one that focuses on the respect and promotion of human rights, especially for women, and also on social equality and fair taxation, would be far more beneficial to community development. Instead of cutting public-sector jobs and privatizing services, we could maintain good jobs for women while reinforcing universal access to health care, education and daycare services.⁵ Investing in affordable social housing would not only have a significant impact on reducing poverty and precariousness, but also create a large number of jobs across the country, thereby increasing the tax base, which would contribute to reducing the deficit. Relaxing the eligibility criteria for employment insurance and increasing parental and compassionate care benefits would go a long way toward eliminating the bias against women in this program. Currently, only 32% of women looking for work have access to employment benefits, compared with 40% of men.⁶

² In 2006, more than 40% of households with a woman as the main breadwinner spent more than 30% of their income on housing. More than 17% of these households spent than 50% of their income on housing.

http://www.frapru.qc.ca/IMG/pdf/FRAPRU_femmes_2010_v_web.pdf

³ <http://www.conferenceboard.ca/hcp/hot-topics/canInequality.aspx>

⁴ <http://www2.macleans.ca/2011/07/19/canadian-prison-costs-increase-86-per-cent/>

⁵ When the federal government chooses to invest in areas under provincial jurisdiction, such as daycare services, health care or education, Quebec should have the right to opt out with compensation.

⁶ <http://www.policyalternatives.ca/publications/reports/les-femmes-et-le-programme-dassurance-emploi>

Recommendation 1

That the government increase its investments in social programs such as daycare services, social housing and employment insurance, and that it achieve its goal of eliminating the deficit by reversing corporate tax cuts and decreasing spending on the military and on prisons in order to implement a fairer tax system.

Analyzing tax policies from a feminist perspective

History has taught us that policies do not have the same impact on men and women. Despite changing gender roles, the division of labour between the sexes continues to have a major impact in the family, the economy and society. This division of labour is also linked to a gender hierarchy that is biased against women. Slowly, these differences and injustices are decreasing as governments agree to introduce measures to address the issue, mainly as a result of feminist movements.

The Government of Canada has signed a number of conventions and pacts that aim to counteract structural inequalities experienced by women. These conventions and pacts create policy obligations for the signatories. The government has an obligation to take into account gender differences and to aim to eliminate inequality when developing all of its policies, including when preparing its budget. Specifically, the obligation to introduce a gender-responsive budget is found in the *Convention on the Elimination of All Forms of Discrimination against Women*, which Canada ratified in 1981. It is also a component of the *Beijing Platform for Action*, which the Canadian government supported unconditionally. According to UN Women,

“[...] gender-responsive budgeting seeks to ensure that the collection and allocation of public resources is carried out in ways that are effective and contribute to advancing gender equality and women’s empowerment. It should be based on in-depth analysis that identifies effective interventions for implementing policies and laws that advance women’s rights. It provides tools to assess the different needs and contributions of men and women, and boys and girls within the existing revenues, expenditures and allocations and calls for adjusting budget policies to benefit all groups.

Gender-responsive budget analysis, along with legislation, and other practical policy measures can address gender bias and discrimination.”⁷

In 1995, the government started on the right track by committing to implement a gender-based analysis in all federal departments and agencies in its policy, *Setting the Stage for the Next Century: The Federal Plan for Gender Equality*.⁸

In 2011, what budgetary advances have been made?

Successive governments have not implemented this approach. In fact, in 2009, the Harper government took a step backward when it abolished the right for public-sector employees to contest pay inequity before the Canadian Human Rights Commission and when it refused to adopt proactive legislation on pay equity for sectors under federal jurisdiction. As we have shown, budgetary policies have contributed to social inequality, thereby making women poorer. Discrimination is still present. It is time to act and to respect Canada’s international commitments.

⁷ http://www.unifem.org/gender_issues/women_poverty_economics/gender_budgets.php

⁸ <http://dsp-psd.pwgsc.gc.ca/Collection/SW21-15-1995E.pdf>

Recommendation 2

That, based on an in-depth analysis of the situation of women, the government develop a gender-responsive budget policy in order to promote the right to equality for women.

Reforming Canada's pension plans

Women still take on the major part of housework and unpaid homecare, which means that men have a larger presence in the labour force. However, with the exception of Old Age Security and the Guaranteed Income Supplement, public and private pension plans are based on paid labour and not on the contribution women make to society and their mostly invisible contribution to national productivity. Furthermore, with the collapse of certain pension plans offered by employers, the few women that had access to these plans can no longer count on this source of income, and young people today can no longer expect employers to develop them. Since women have lower incomes (always lower than men),⁹ they are at a disadvantage when it comes to RRSP investments as well. Women, especially those who are retired or are nearing retirement, have not been able to contribute to the Canada Pension Plan or to the Quebec pension plan at the same rate as men, nor have they been able to accumulate other retirement income as quickly. As we have demonstrated earlier, this means that there is a disproportionately high number of elderly women living in poverty or in precarious situations, especially since women have a longer lifespan than men and are often alone in their later years.

We must act now to adopt a cooperative approach that addresses the situation of retirees. The FFQ proposes that the Government of Canada work with the provinces to develop a new approach based on reinforcing public pension plans with a view to ensuring that everyone has a decent lifestyle in retirement.

Recommendation 3

That the governments of Canada, Quebec and the other provinces work together to ensure that seniors have a better quality of life in their retirement. More specifically, we propose the following: that the benefits from the Canada and Quebec pension plans be gradually increased to double the current amount; that coverage be extended to higher incomes and that the exemption be increased; that the Guaranteed Income Supplement (GIS) for the poorest seniors be increased immediately by at least 15%; that automatic enrolment be implemented for those eligible for the GIS and that full retroactive payments be made for those who are eligible but have not received benefits under the current system. We also believe that the benefits from defined pension plans should not be compromised: the financing and oversight rules for these plans must be improved, and retirement settlements should be prioritized

⁹ According to Statistics Canada, the average total income for men in 2008 was \$47,000 a year, while women earned an average total income of \$30,100. For people between the age of 35 and 55, the income gap is \$20,000 (<http://www.statcan.gc.ca/pub/89-503-x/2010001/article/11388-eng.htm>). Furthermore, women who work full-time earn only approximately 70% of the salary that men earn. This income gap has not decreased significantly since 1991 (<http://www.statcan.gc.ca/pub/89-503-x/2010001/article/11388/tbl/tbl007-eng.htm>). Even while the gap between hours worked by men and women is decreasing, the social and familial responsibilities women have often result in their working fewer hours, which means that women always have less money at the end of the year to invest in RRSPs.

in case of bankruptcy. Once these measures have been implemented, an insurance fund for these plans should be established.

Conclusion

We would have had more recommendations, but the space allotted to us and the time frame we were given for this consultation do not allow us to continue. We would encourage the members of the committee to return to a more open form of consultations with longer time frames.

List of recommendations

1. That the government increase its investments in social programs such as daycare services, social housing and employment insurance, and that it achieve its goal of eliminating the deficit by reversing corporate tax cuts and decreasing spending on the military and on prisons in order to implement a fairer tax system.
2. That, based on an in-depth analysis of the situation of women, the government develop a gender-responsive budget policy in order to promote the right to equality for women.
3. That the governments of Canada, Quebec and the other provinces work together to ensure that seniors have a better quality of life in their retirement. More specifically, we propose the following: that the benefits from the Canada and Quebec pension plans be gradually increased to double the current amount; that coverage be extended to higher incomes and that the exemption be increased; that the Guaranteed Income Supplement (GIS) for the poorest seniors be increased immediately by at least 15%; that automatic enrolment be implemented for those eligible for the GIS and that full retroactive payments be made for those who are eligible but have not received benefits under the current system. We also believe that the benefits from defined pension plans should not be compromised: the financing and oversight rules for these plans must be improved, and retirement settlements should be prioritized in case of bankruptcy. Once these measures have been implemented, an insurance fund for these plans should be established.