

TAX CONSIDERATIONS FOR FAMILIES

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Introduction

REAL Women of Canada is a national organization of women from all walks of life and from differing economic, social, cultural and religious backgrounds. We are united by our concern for the family, the basic unit of society.

Since our incorporation in 1983, REAL Women of Canada has promoted the equality, advancement and well-being of women, recognizing them as interdependent members of society, whether in the family, workplace or community.

The federal Conservative government is to be commended for eliminating some forms of discrimination against the family. Positive developments from a family perspective include pension splitting for retired Canadians and making the spousal tax deduction equal to that of the principal earner. Other welcome family taxation measures are the \$2,000 tax credit for parents with children under 18 years of age and raising the basic personal deduction in personal income tax. The \$100 a month Universal Child Care Benefit is greatly appreciated by Canadians (both men and women) as it provides directly to parents for the care of children, rather than to institutions.

The traditional family configuration is the preferred choice of most Canadians as indicated by the Vanier Institute for the Family. There are many economic benefits to government support for this family model: the division of labour in the traditional family helps reduce health care costs, early childhood education costs, and also contributes to safer communities by providing needed supervision of adolescents. The single family income model frees one partner in the relationship to volunteer in many sectors of society such as politics, schools, libraries and hospitals, thus lowering costs to government. Taxing the family unit rather than the individual is a more realistic approach to taxation and is also in the best interests of Canadians, who congregate, for the most part, in families. Income splitting would redress the preferential treatment given to double income families during recent decades.

Tax Fairness for Families

In order to achieve a balanced and equitable tax system, we make the following recommendations:

1. End Tax Discrimination Against the Single-Income Family

Federal tax policy discriminates against the career choice made by women who choose the career of full-time homemaker. It is only fair that government policies remain neutral on the issue of career choice for women, including the option of remaining at home as full-time homemakers. Public policy should treat women at home and women in the labour force equally.

A study released by The Vanier Institute of the Family in February 2005 found that when Canadians are asked whom they would prefer as care givers for pre-school children, their first choice was parental care at home, followed by a grandparent, another relative, home daycare, and lastly, institutional day care. The Institute found that 90% of Canadians believed that, in two-parent families, one parent should ideally stay at home and raise the children. Today's tax policy should include some consideration for the views of the great majority of Canadians in this area rather than be formulated to respond to the pressures of special interest groups.

When compared to other countries Canada does not appear to treat all children equally regarding child care choice. For example, Finland is regarded as having Europe's best education system, with that country's students regularly achieving top marks in literacy and science in the Program for International Student Assessment (PISA). Parents in Finland have a choice to raise their children themselves in the home with payments by the state of \$500 per month per child, or to place them in state operated child care. Not surprisingly, most parents in Finland chose to remain in the home to raise their own children until they enter school at age seven.

In Canada, where provinces such as Quebec subsidize day care only, approximately \$10,000 a year is given to day care facilities for each child in their care, whereas the child cared for at home by a parent receives no equivalent support. Quebec day care costs \$50 a day for each child (\$250 a week), that is, \$12,500 a year. Parents pay \$7 a day (\$35 a week), that is, \$1,750 a year. Thus taxpayers provide \$10,750 a year per child of dual income families. The single income family therefore subsidizes the dual income family and receives no equivalent benefit to support its chosen form of child care and early education. The single income family also has child care expenses but this is ignored. No child should be given preferential treatment simply because both his parents are employed.

It is essential that child care legislation support a flexible system so that child care can fit the different needs of Canadian families. Parents should decide whether the child is cared for at home by a parent or other family member, in private day care, in community, religious or ethnic-based care, or in a government operated child care facility. A decision about child care is a decision for the parents, it is not a decision for government. Options other than government operated child care facilities should be made available to parents by **paying child care funds directly to parents** by vouchers, to allow them to choose the type of child care most suitable to the child and to the family's needs.

The family which does not place its children in substitute care is also discriminated against regarding the Child Care Expense Deduction program. The CCED provides \$7,000 per year for children under 7 and \$4,000 for children 7-16 years of age in tax deductions to the double income family and makes no similar provision available to parents living on the salary of one parent and caring for children at home. This inequity is based on the false assumption that parent-based child care has no expenses. But in reality, all forms of child care have associated expenses. All children are of equal value, and their care should be so treated in law. Public policy should equally assist and not discriminate against parents if they choose to care for their own children in the home environment. Child care costs exist because children exist not because both parents work outside the home. These double standards must be eliminated to correct the inequities of the current tax system.

Recognize the family unit for tax purposes

One way to correct inequality in family taxation would be to recognize the family unit rather than the individual for tax purposes. This is not a new concept. The government already recognizes the family unit when paying out benefits, such as the GST credit, the Canada Pension Plan (CPP), and Old Age Security.

The expected federal cost of **income splitting** is in the range of 4 to 5 billion dollars a year. In perspective, the Fraser Institute has reported that the government has handed out more than \$182

billion dollars in business subsidies, bailouts and loans over the past dozen years (Corporate Welfare: Now a \$182 Billion Addiction, 2008.)

2. The Universal Child Care Benefit should be increased

The popular Universal Child Care Benefit of \$100 a month for children under six sends an important message to all Canadian parents, recognizing the importance of children and their care. We recommend an increase in this Universal Child Care Benefit. This would be preferable to funding special interest groups.

The UCCB funds the parent rather than the child care lobbyist and institutional child care, a recommendation we have made since our formation in 1983.

Universal day care (now called early childhood education) denies parents a choice of child care alternatives by restricting government subsidies to regulated day care facilities to the detriment of every other type of child care arrangement. This one-size-fits-all scheme will inevitably increase taxation, which will result in more and more women having to enter the paid workforce for the family to survive financially.

3. Convert Special Interest Funding into Tax Relief for All

The Fraser Institute recently reported that “all taxes imposed on the average Canadian family consumed more than 41% of its annual income. ...The average family's tax bill has grown more rapidly than any other expenditure item over the past 50 years. ...the tax bill for a family with average income has increased by 1,686% since 1961.” Today, the family needs tax relief. Lower personal taxes would enable Canadian families to help reverse demographic shifts and an aging population, important long-term goals. This can be achieved by ending special interest funding.

The federal government gives grants and contributions estimated at \$27 billion annually to numerous special interest groups including businesses, labour unions, sport and lobby groups such as day care advocacy groups and radical feminist organizations. Even though criteria for funding have been changed and some extreme feminist groups have been de-funded, so-called “status of women” groups and day care advocacy groups still receive taxpayer dollars to advance their opinions. Some groups merely apply to another government department to obtain federal funding under the guise of “research.” A 2005 professional evaluation of Status of Women found mismanagement and little accountability for use of taxpayer dollars.

Canada also provides foreign aid funding for the spread of the feminist ideology which devalues the contribution to society made by women who care for their families full time. Canadian International Development Agency (CIDA), according to its web site, has handed out close to \$800 million dollars from fiscal years 1998-1999 to 2005-2006, to establish culturally intrusive “gender equality” as part of foreign aid. We do not object to genuine gender equality promotion but in our estimation many of these programs are based on the expansion of socialist feminism, an ideology rejected by the majority of Canadian women, a fact admitted by feminists themselves.

Our organization has always opposed such funding because it discriminates against women who do not conform to the feminist world view. Status of Women's so-called anti-discrimination objective of “equality and full participation of women in the economic, social and democratic life of Canada” is interpreted to exclude the contribution made by women who offer care and formation at home, for their children, family members with medical needs and elderly relatives. Criteria for women's “progress” are ideological rather than reflective of Canadian reality and never include the important contribution made

by these women to the “economic, social and democratic life of Canada.”

Women are not all the same. We are individuals, extremely different in our needs and interests. No single government agency or ideology can represent the views of all Canadian women, as no single agency or ideology can represent all Canadian men. Forty years of government funding of exclusively feminist women's groups, has been unacceptable and unfair. In order to provide a level playing field for all groups, to avoid government initiated discrimination, and to decrease unnecessary government spending, we believe the federal government should end all special interest funding.

Conclusion

The future of our country depends on the strength of our families. We believe that the family, which is the foundation of a nation, should be central to the formation of all public policy. Government decisions, especially tax and social policy, must be fair and equally beneficial to all Canadians. In light of recent general awareness of a demographic deficit combined with an aging population, which cannot be alleviated by immigration, it is even more important that the government give prime consideration to the family unit and its invaluable contribution to the well being of all segments of society.

Summary of Recommendations

1. End Tax Discrimination Against the Single-Income Family with Income Splitting

Unequal tax treatment of single and dual income families can be eliminated by allowing the single income family to split the family income to file separate income tax returns or by allowing joint tax filing. This will benefit the full time homemaker career choice, which facilitates the provision of care for children, family members with medical needs, and elderly relatives. Where one spouse can financially provide for the family, the other is free to provide early childhood education at home, volunteer in the community in various areas such as hospitals, schools, libraries and politics, thus reducing government expense.

2. The Universal Child Care Benefit should be increased

REAL Women of Canada is grateful to the Conservative government for its decision to pay child care benefits directly to the family through the Universal Child Care Benefit. This is preferable to a government funded national day care program which is estimated to cost a minimum of \$15 billion annually. Despite these child care benefits, many families are still struggling to make ends meet and have little discretionary income. It is necessary therefore, that the Universal Child Care Benefit be increased and personal income taxes reduced to allow some financial flexibility for families raising the next generation of Canadians.

Even considering the current economic instability and large national debt, family needs must be viewed as a major priority for the government. Funds can be found by eliminating wasteful funding of special interest groups who, if they are truly representative of Canadians, can obtain their funding from their supporters.

3. Convert Special Interest Funding into Tax Relief for All

In order to provide a level playing field for all groups, to avoid government initiated discrimination, and to decrease unnecessary government spending, the federal government should end all special interest funding. Much of this funding does not reach ordinary Canadians. A vibrant culture develops its own festivities, political parties and advocacy groups without state direction and selective funding. Savings could be converted to lower personal taxation for all Canadians.

Background material:

REAL Women of Canada REALity newsletter at www.realwomenca.com:

November December 2007 Income splitting

September October 2008 The former Liberal government and prostitution (government grants)

January February 2009 Feminists funded by Canadian taxpayers sow dissent

March April 2009 More feminist nonsense paid by the taxpayers

March April 2010 Mismanagement at Status of Women Canada

July August 2010 Government clamps down further on government funding

REAL Women of Canada website analyses

Feminism in Canada pdf pamphlet, http://realwomenca.com/images/download/Feminism_08.pdf

The Child Care Debate (funding and costs) <http://www.realwomenca.com/page/pubanalys15.html>

Government of Canada, Treasury Board

Universal Child Care Benefit 2009-2010 \$ 2.544 billion

<http://www.tbs-sct.gc.ca/media/nr-cp/2009/0226-eng.asp>

The Fraser Institute, Corporate Welfare: Now a \$182 Billion Addiction, 2008

http://www.policylibrary.com/index.php?option=com_content&view=article&id=2460:corporate-welfare-now-a-182-billion-addiction&catid=37:business&Itemid=2261

Canadian Taxpayers Federation, Top 100 Federal Handouts for 2008-2009: \$5.8 billion (annual budget of roughly \$27 billion spent on grants, contributions and subsidies).

<http://www.taxpayer.com/federal/top-100-federal-handouts-2008-09-58-billion>

Home care full time job for many: survey, National Post, April 16, 2009

Cut the family's top budget item: tax, Financial Post, April 30, 2011

<http://opinion.financialpost.com/2011/04/29/cut-the-family%E2%80%99s-top-budget-item-tax/>

“ In contrast, expenditures on housing increased by 936%, food by 460% and clothing by 16% over the same period. ...the tax bill has greatly outpaced the increase in the consumer price index (up 642% since 1961).”