



Coalition pour l'équité salariale  
Coalition for Pay Equity

51 Williams St., Moncton, NB E1C 2G6  
Tel: 506.855.0002 / Fax: 506.854.9728  
coalitio@nb.sympatico.ca / [www.equite-equity.com](http://www.equite-equity.com)

# What about women's share in NB's tax system?

Brief presented to the  
Select Committee on Tax Review  
July 2008

## **What about women's share in NB's tax system?**

We appreciate the intent of the green paper in underscoring the importance of public debate on NB's tax system, as stated on page 40, "There is a need for an open and transparent public debate on these proposed options."

Changes on the scale proposed must be the subject of informed discussions among NB citizens and these should not be hurried. It is our opinion that consultations during the summer months are inappropriate and do not really allow our society to debate propositions. We call on you to initiate a real debate this fall.

We also request that more information be provided so that we may present a more knowledgeable position. The information offered in the discussion paper provides absolutely no basis to assess the comparative impact of proposed changes on women and men.

Has the Minister of Finance examined a data breakdown according to gender and types of family? Where is the analysis of labour market participation by men and women, their respective earnings, and that of the various types of families in NB, etc.? How many families rely on two incomes? How many single parent families are there? What impact will proposed changes to the tax system have on two-income families and on single parent families?

Another missing item of information: Where is the comparison, for each income category and type of family (two-parent/single-income, two-parent/two-income, single-parent), between income tax currently being paid *versus* income tax amounts plus the 2% increase in HST proposed as part of tax reform?

The green paper insists on the need for "a strong social conscience" (p. 40), and we concur whole-heartedly. That is why we are giving it our utmost attention over the limited time we are being granted.

We are convinced that this reform should include objectives to promote equality between men and women in this province. We also believe that public funds must give access to collective and universal services while ensuring an equitable redistribution of wealth. Finally, contribution to government treasury must be based on the ability to pay. The system

must be progressive, that is, the percentage of contribution must increase with the capacity to pay, and not the reverse.

According to our analysis, the proposed tax changes will make low-income individuals pay out a greater percentage of their “hard-earned money” in taxes and reduce the percentage of richer individuals’ contribution; these changes will also have a more negative impact on women than men.

In fact, the proposed tax options do not take in consideration the wage gap between women and men in this province. And this gap is quite substantial. In 2005, women working full-time at a year-round job earned only 73 % of men’s earnings, an average of \$32,000 *versus* \$43,700 – a 26.8 % difference<sup>1</sup>.

The discussion paper puts a strong emphasis on New Brunswickers’ “hard-earned money”. If women earn less than men, it isn’t because they work less or less hard.

Not only is their money equally “hard-earned” but they are still carrying out a large part of unpaid domestic work including the care of children, the sick and the elderly.

Nevertheless women are massively present on the work force. In 2007, 60% of New Brunswick women of 15 years and over were in the work force as compared to 68% of men<sup>2</sup>.

Women work hard for their income but they don’t earn the wages to which they are entitled. In 2007, women in NB earned 87.4% of men’s hourly wage, or \$15.80 an hour compared to \$18.07<sup>3</sup>. A 2004 study indicated that 80% of the NB wage gap was the result of discrimination<sup>4</sup>.

This discrimination has persisted, given the lack of pay equity legislation.

It seems particularly unfair to us that government is proposing regressive taxation measures that will place a greater tax burden on the least wealthy among our citizens, including women, while still failing to

---

<sup>1</sup> NB Advisory Council on the Status of Women, *2008 Report Card on the Status in New Brunswick*, p. 49.

<sup>2</sup> *Ibid*, p. 43.

<sup>3</sup> *Ibid*, p. 47.

<sup>4</sup> Akbari, Arthur H., *The Gender Wage Gap in NB*. Study prepared for GPI Atlantic, Halifax, NS, 2004.

legislate on pay equity. In addition, it is proposing to lower income tax for large and medium-sized businesses without requiring that they provide equal wages for work of equal value in jobs traditionally or predominantly held by women. Yet pay equity is internationally recognized as a human right. How long can this right keep on being abused with complete impunity?

The green paper raises another issue. The proposed changes would cause a predicted shortfall ranging between 50 and 150 million dollars. Assuming that government wants a balanced budget, this can only mean that social programs and services will be cut.

However, social programs lighten women's traditional work in the home while providing a major source of employment for women. For instance, caring professions, whether they deal with elderly people, children or the sick, are predominantly female fields and these services support families. If government cuts into these services, it will increase women's traditional work at home and have a significant impact on their availability for the labour market while eliminating some well-paid jobs, in spite of persistent pay inequity, in female traditional fields.

Furthermore, given a context where government has at long last agreed to ensure pay equity in the entire public sector, a shortfall in government receipts is likely to push pay equity to the back burner once again.

In actual fact, providing for pay equity and equality will require more services, not fewer. For instance, a pay equity commission must be created (along with the adoption of pay equity legislation), as well as accessible, affordable and high-quality day care facilities to support young families. If women achieve pay equity and if they can access a well-thought-out daycare system, they will be paying more income tax, and government will be better able to provide high-quality services.

Finally we would like to address a presumption that pervades the Minister of Finance's document regarding the results of a decrease in taxes for New Brunswick's large companies and richest individuals leading, we are told, to greater economic growth for the benefit of the whole population.

First of all, there is no guarantee that money saved on income tax by the province's richest individuals and businesses will be invested in NB.

Secondly, it is false to say that economic growth without redistribution measures – such as a progressive income tax – will lead to greater

wealth for all members of society. Indeed, a recent study by Statistics Canada has shown that the gap between the rich and the poor in Canada has increased in the past few years, even during periods of economic growth. In NB, between 1985 and 2005, the average income after taxes (in constant dollars) decreased by \$200 for the 20% of the population earning the lowest wages, from \$11,600 to \$11,400. Over the same period, the 20% fraction earning the largest income increased its average earnings from \$80,000 to \$90,600. Their share of earnings in the province grew from 40 to 45%<sup>5</sup>. Meanwhile the share of earnings of the central 60% of the population decreased from 55 to 50%.

Thirdly, a recent study by the Canadian Centre for Policy Alternatives<sup>6</sup> concluded that cuts in income tax have negative repercussions on social indicators. By contrast, northern countries that have high income tax rates also have the lowest rates of poverty, a more equitable redistribution of wealth, a higher GDP, a greater competitive edge, etc.

To give due respect to women and in the spirit of justice, we ask you to adopt legislation on pay equity for the private and the public sectors, not to increase consumer taxes, to retain a progressive tax rate system for both individuals and businesses, and to provide adequate funding for social programs and services.

We women are ready and willing to do our share toward the economic development of the province.

But give us *our* fair share!

---

<sup>5</sup> Janice Harvey, Don't make the poor pay more, *Telegraph Journal*, June 4, 2008, p. A7.

<sup>6</sup> Brooks, Neil & Hwang, Thaddeus, *The social benefits and economic costs of taxation*, Canadian Centre for Policy Alternatives, 2006.