



Economic Update 2007 Imperils Future Investment Response to Economic Update 2007

“We’re on the best fiscal footing of any country in the G7. In fact, we are the only member of the G7 with both ongoing budget surpluses and a falling debt burden.” - Minister of Finance, the Hon. Jim Flaherty, 30 October, 2007

FAFIA, a pan-Canadian alliance of women and human rights groups, asserts that given Canada’s sustained budgetary surpluses, it is incumbent upon the government to invest in programs that address women’s economic inequalities and benefit all Canadians.

This government inherited a surplus of \$13.2 billion from the previous government when it took office in January 2006. A report from TD Economics released before the 2007 economic update estimated that the federal surplus would be **\$14.5 billion in 2007-08, rising to \$27.5 billion by 2012-13.**

The monies that this government could have invested in national housing initiatives, childcare spaces, post-secondary education, and income supports for families in need, it instead spent in corporate tax cuts. These tax relief measures are being implemented as if they will enhance collective prosperity. In actuality, they threaten to leave thousands if not millions of Canadians behind.

The drop in the Goods and Service Tax (GST) by a percentage point will have no direct impact on the economic security of low to middle income women who do not make large ticket purchases. The measures in the economic update will instead result in the further erosion of social programs that were once the cornerstones of Canada’s national identity.

According to Andrew Jackson, of the Canadian Labour Congress, corporate tax cuts and the lowering of the GST rate will use almost all of the fiscal surplus leaving virtually nothing for future investments, creating a fragile financial environment.

The Government must invest in the people of Canada to ensure continued, collective and sustainable social and economic security.

In 1981 Canada ratified the United Nation’s Convention to End All Forms of Discrimination Against Women. In 2003, the UN made 23 recommendations to the Government of Canada to uphold Canada’s compliance under the convention. These recommendations included investing in a national childcare program; increasing

investments in a social housing program; protecting the rights and social security of Aboriginal women; implementing effective, gender equitable anti-poverty measures.

Canada could and should have invested budget surpluses in these initiatives that work to not only advance women's equality and economic security, but the economic security of all Canadians. Corporate tax relief as offered in the economic update will only widen the income gap in Canada and will not help those Canadians, especially women, who need and deserve economic security.

Women's Economic Realities in Canada- Quick Facts

- In 2004, 68% of female lone parents were employed
- 35% of women on their own under 65, live in poverty. More women than men are involved in precarious work, in 2003, more than 28%, 2 million, of women in the workforce worked less than 30 hours per week at their main job, compared with 11% of men
- In 2004, 73% of all women with children under age 16 living at home were part of the employed workforce
- Women have lower incomes than men. In 2003, the average annual pre-tax income of women aged 15 and over from all sources was 24,400, just 62% the figure for men
- The average earnings of employed women are lower than those of men, even when employed full-time. In 2003, women working full-time, full year had average earnings of 36,500 or 71% what men employed full time, full year
- Women's median income in 2001 census reports \$17,122 compared to 29,276 for men
- The poorest 20% of the population had only 5 percent of the income in 2003. The richest 20% had 43.7% of the income. Between 1980 and 2003, the average income after taxes of the poorest 20% of the population went from \$11,500 to \$12,000 after accounting for inflation, an increase of 4%. The average income of the richest 20% of the population went up from 92,500 to \$105,800 an increase of 14%.
- Women continue to be among the poorest of the poor in Canada. They make up a disproportionate share of the population with low incomes, 2.4 million in 2001 compared to 1.9 million men
- Women have consistently higher poverty rates than men. In 2003 the poverty rate was 48.9% for single-parent mothers compared to 20% for single parent fathers