

The Conservatives propose family policy for a bygone age ^[1]

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Source: Broadbent Institute (blog)

Format: Article

Publication Date: 31 Oct 2014

AVAILABILITY

Read online ^[2]

EXCERPTS:

The Harper government's tax package released Thursday is a throwback to the family policies of a bygone era. It turns its back on the pressing need for affordable, high quality child care; introduces a new tax measure which will mainly benefit traditional families with a stay at home spouse; and brings back the old family allowance in a modified form.

The government's token response to calls for a national child care program is to modestly increase the Child Care Expense Deduction - representing a tiny fraction (\$395 million) of the government's package exceeding \$26 billion. This will hardly make child care any more affordable, and will do nothing to create badly needed new spaces. The deduction has to be claimed by the lowest earning spouse and the increase of \$1,000 per child will translate into just \$150 per year for those in the bottom tax bracket.

The proposed Mad Men style income splitting scheme, rebranded at the Family Tax Cut, is a reworking of the Harper promise to allow families with children under 18 to split income of up to \$50,000. Despite its annual price tag of an estimated \$2 billion, it will provide no benefit at all for half of the families that are the target of the scheme. This includes 20.1% of families with children headed by a single parent and 28.9% of families where both parents are in the same tax bracket. While the maximum benefit will be capped at \$2,000 per year, this measure is still targeted to better-off families, and will mainly benefit those families with a stay at home parent.

Finally, the government proposes to increase the so-called Universal Child Care Benefit (UCCB) from \$100 to \$160 per month for each child under the age of six, and to pay \$60 per month for each child age six through 17; the increase in UCCB benefits will cost about \$5 billion each year, paid for in part by getting rid of the Child Tax Credit. The UCCB will be paid to families that do not have to pay tax, but will be included in taxable income.

While families with children deserve support, the expanded UCCB marks a return to the old flat rate family allowance which was ended by the Mulroney government in 1992. Over the 1990s, governments improved child benefits which are targeted mainly to middle and lower income families, namely the Canada Child Tax Benefit and the National Child Benefit Supplement. This was done with the explicit agreement of the provinces. While almost all families with children get some CCTB benefits, they are slowly phased out for those with high incomes, and low income families get significantly higher benefits.

Notably, the Harper government has never increased CCTB and NCB benefits by more than the inflation rate, even though these measures have helped lower Canada's still unacceptably high rate of child poverty.

Progressives believe that our major family policy priorities today should be to create an affordable, high quality national child care system, and to take effective measures to help those families who are struggling the most. The Harper government, by contrast, has focused the emerging fiscal surplus on broadly based tax cuts.

It is finally worth noting that the new tax measures are highly political in the worst sense of the word.

The "Family Tax Cut" will apply for the 2014 tax year, so refund cheques will be arriving on income-splitting family doorsteps in the summer of 2015. And July 2015 will see the arrival of six months worth of the increased UCCB benefits going to all families with children. The timing of the 2015 election is, of course, purely coincidental.

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