

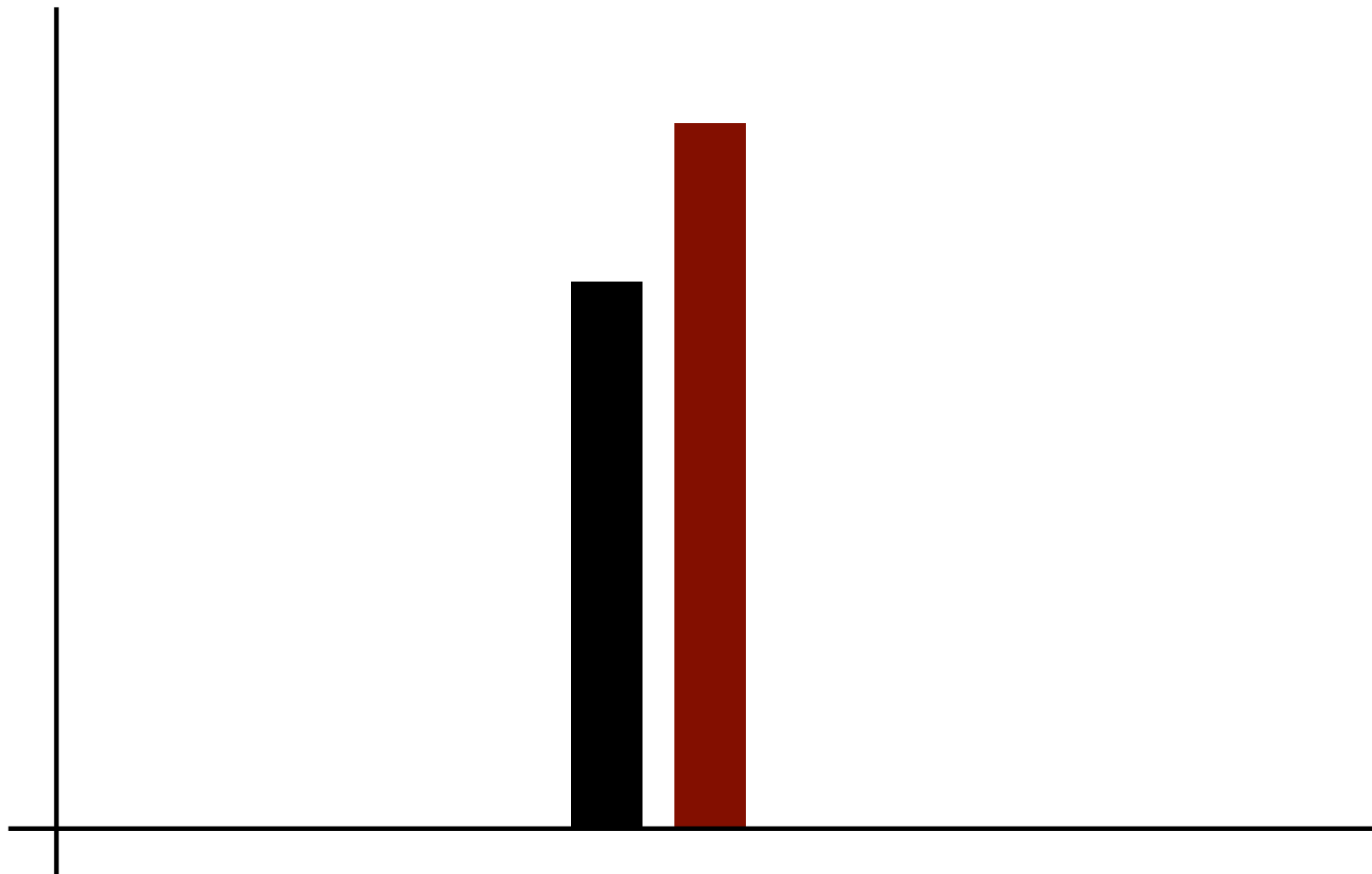
# Taxes, inequality and public services in BC

An introduction with Seth Klein



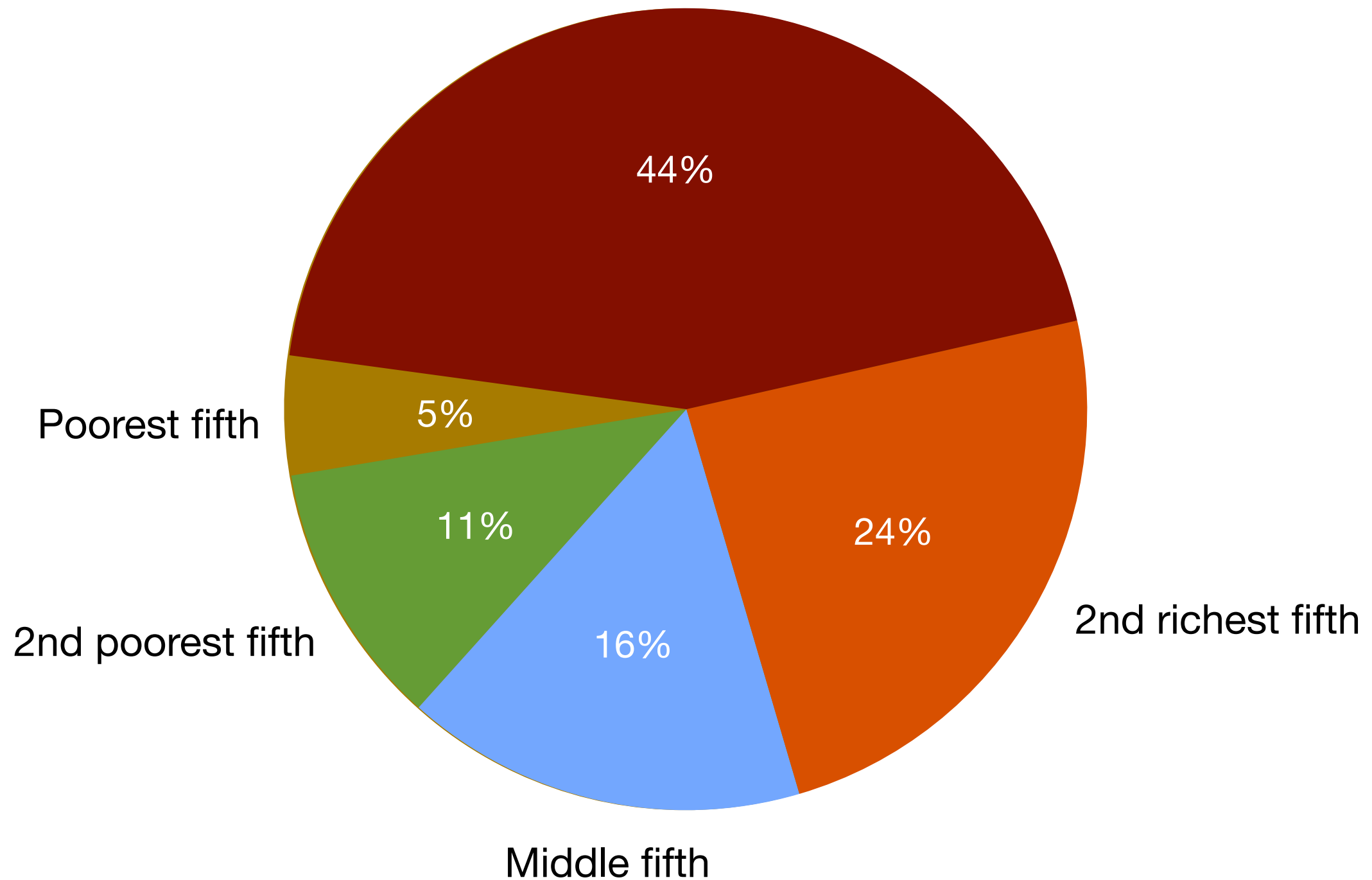
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Income inequality has increased significantly over the past 20 years.



# Household income distribution in Canada

The richest one-fifth (or 20%) of Canadian households has 44% of the income pie.





richest 1%



richest 10%



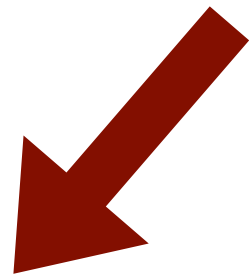




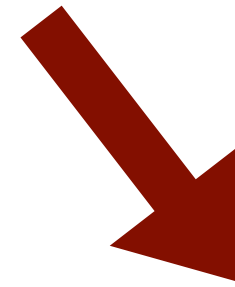
# Why does inequality matter?

- ▶ Bad for the economy
- ▶ Makes social problems worse
- ▶ Bad for democracy & social cohesion

# How did we get here?



Growing gap in  
“market incomes”  
(ex, skyrocketing CEO pay  
vs low minimum wage)



Tax cuts and  
cuts to public services

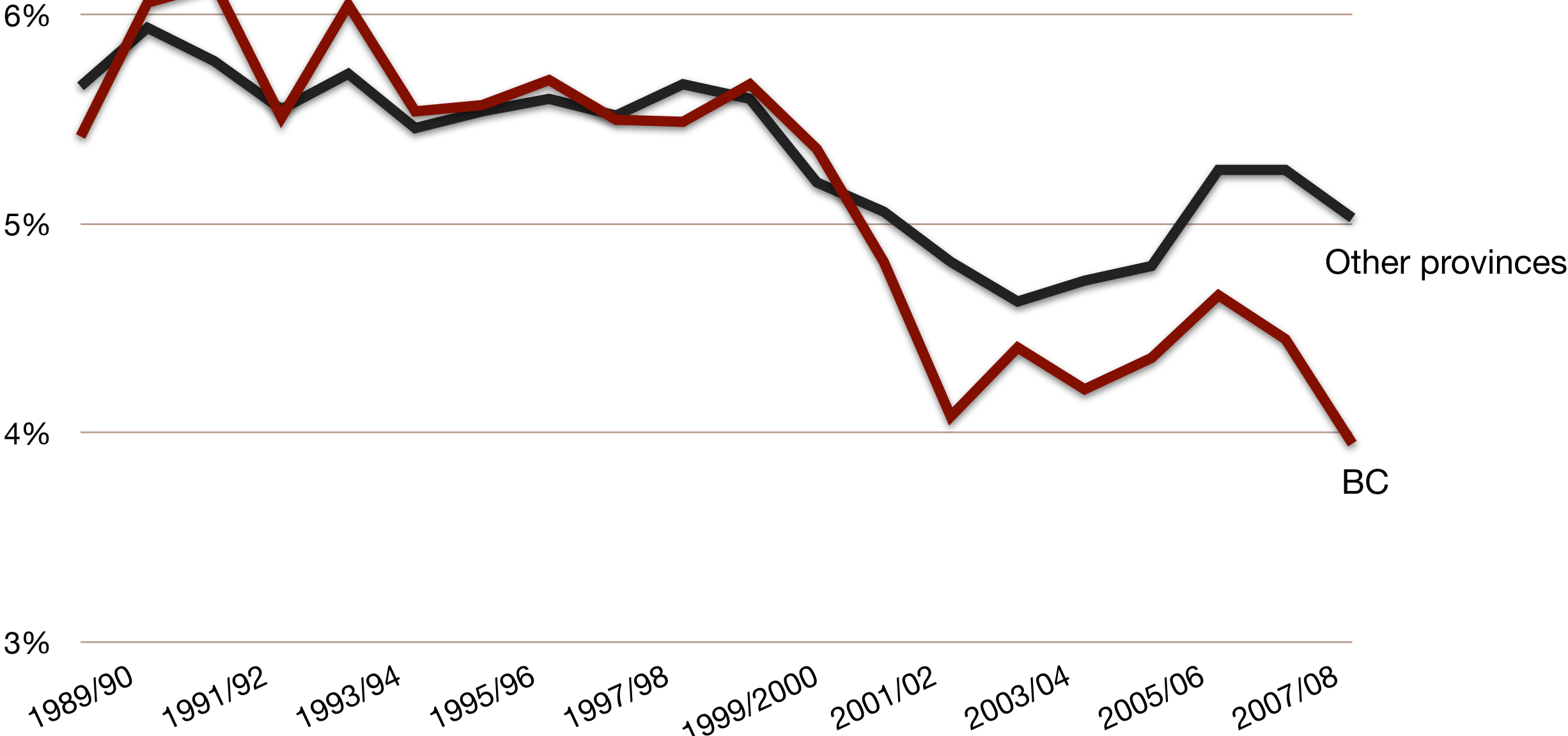


## A decade+ of tax cuts

- = provincial tax revenues as share of GDP ↓ 1.6%
- = \$3.5 billion/year foregone revenues

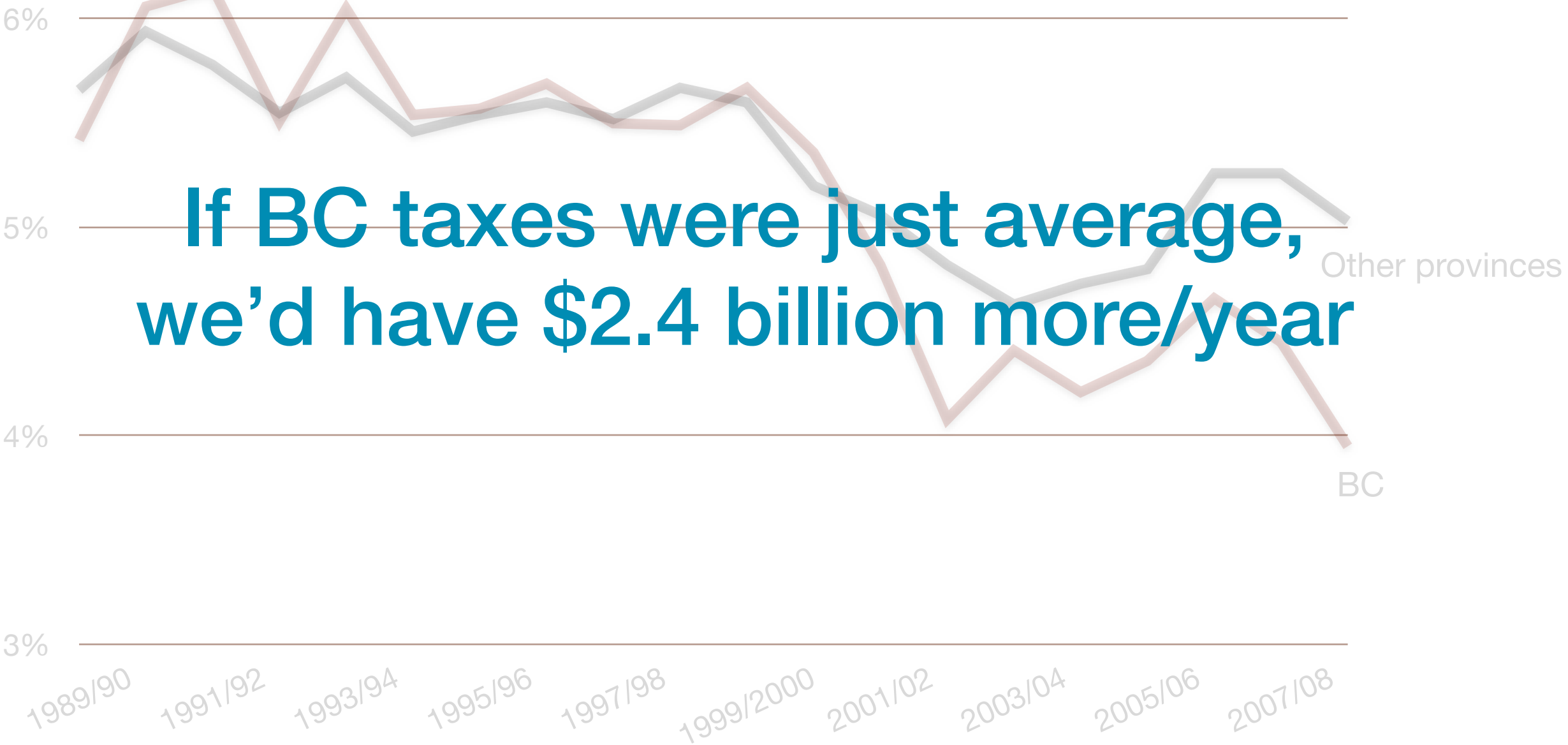
# Provincial income tax revenue as a % of GDP

(including health/drug insurance premiums)

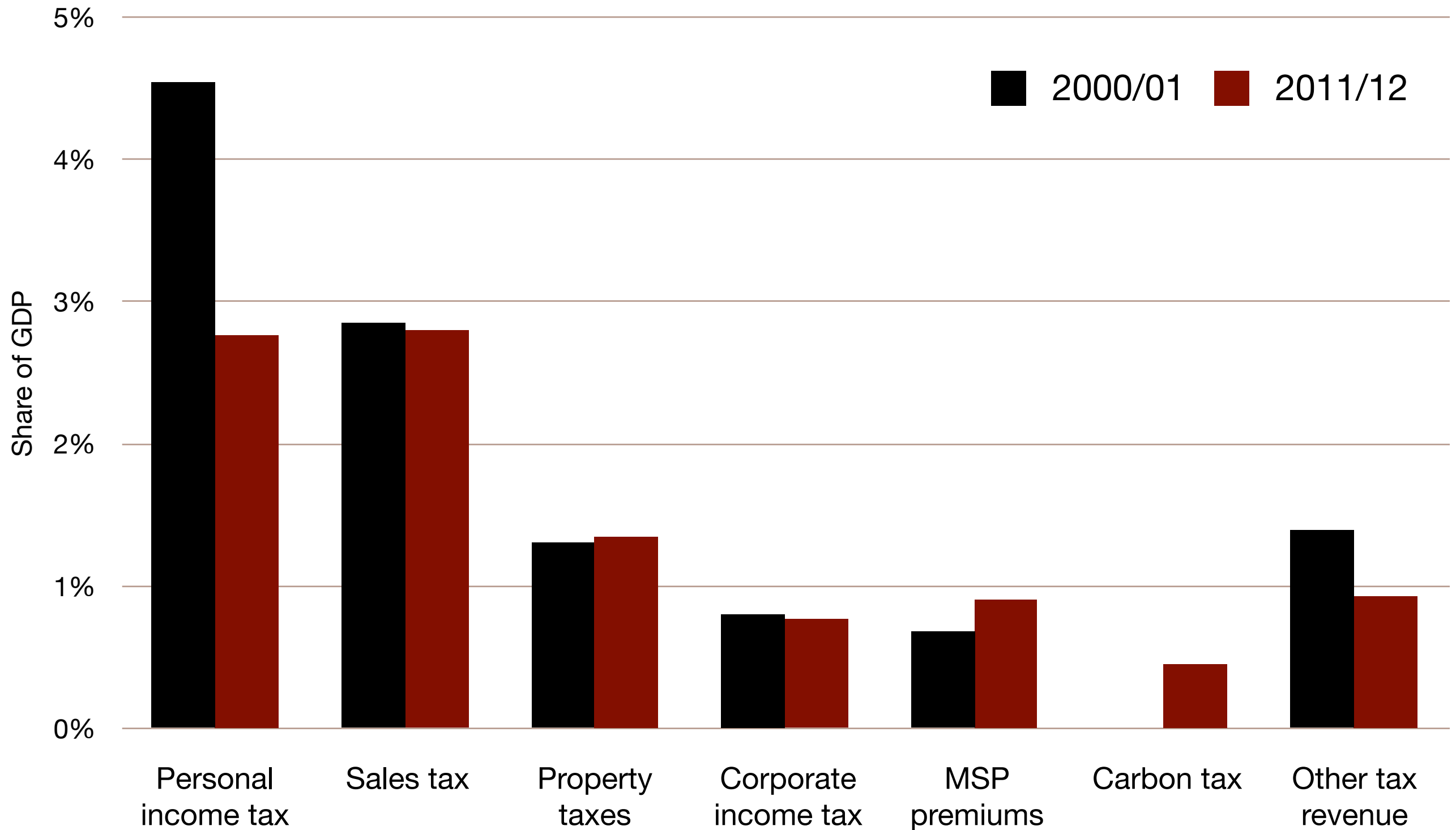


# Provincial income tax revenue as a % of GDP

(including health/drug insurance premiums)



# The changing mix of BC's tax system: Revenues by source



# Fundamental shifts within BC's revenues

**FROM...**

**TO...**

corporations



households

upper-income households



middle & modest-income households

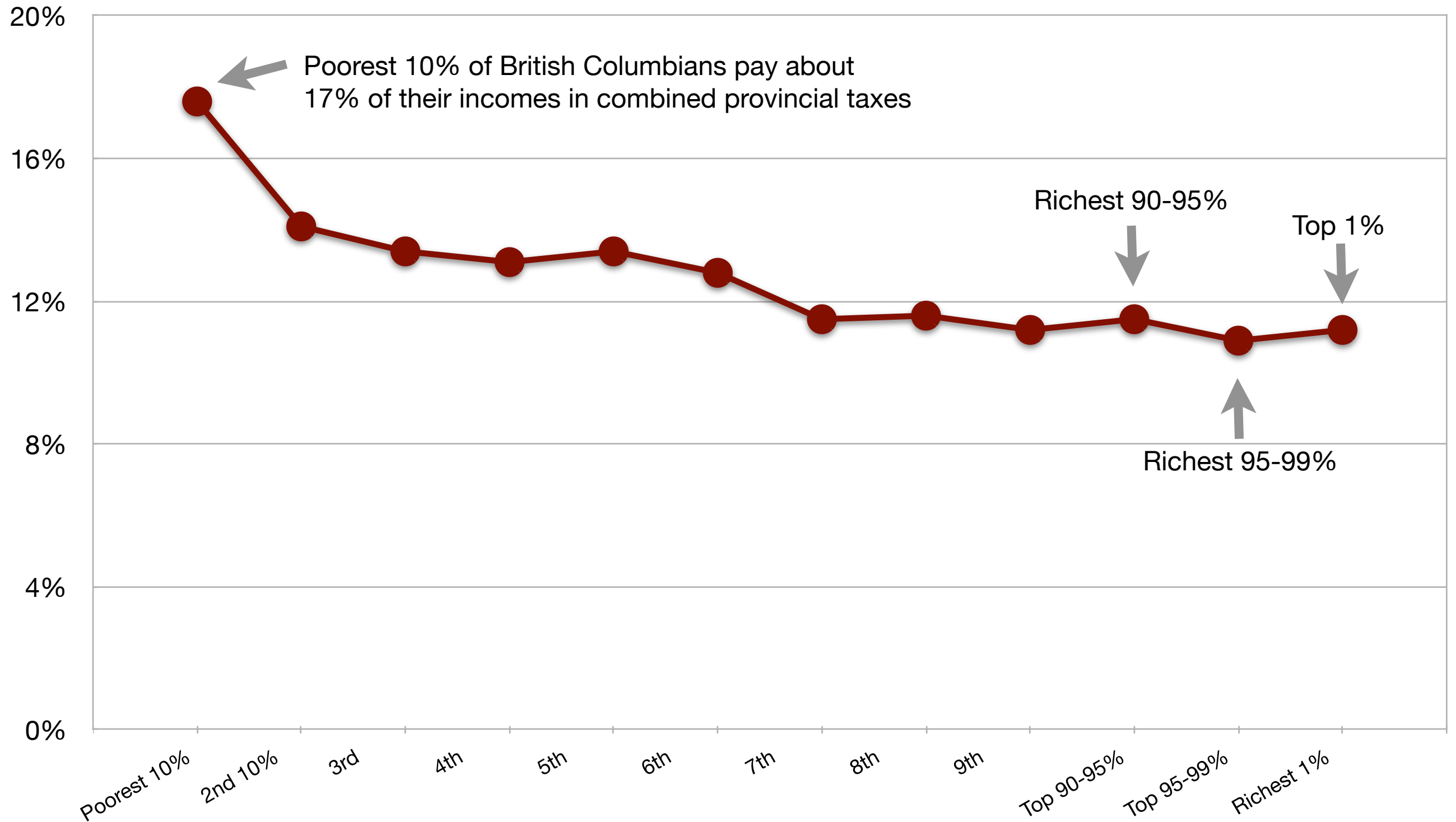
progressive income taxes



regressive consumption taxes,  
MSP premiums, & user fees

# BC total tax rate by income group, 2010

Total taxes = all BC personal taxes combined (income, sales, carbon & property taxes & MSP)



# So what's the solution?

- ▶ How can we make our tax system more progressive, so we can reduce inequality?
- ▶ How do we make sure we all contribute a fair share, so we can pay public services that improve our quality of life?
  - Especially when so many British Columbians are struggling with affordability challenges (housing, child care...)

One of many possible tax reform scenarios...

If the **TOP 6%** of British Columbians (incomes over \$103,000) paid a fair share of taxes, we could raise

**\$930 million**

and



**BUILD**

2,000 units of  
social housing  
every year



**INCREASE**

post-secondary  
education funding  
by 10%



**RESTORE**

class sizes in  
public schools  
to 2007 levels



# Another option...

Increase tax rates for the top 6% + we all pitch in a little more (cost of a coffee a day or less for most)



**Raises ~\$2.3 billion**

Could fund (for ex):

- ▶ More accessible home & community based health care for seniors
- ▶ \$10/day child care plan
- ▶ Enhanced college and university education system
- ▶ Smaller class sizes in public schools and more specialist teachers
- ▶ 2,000 new units of social housing/year
- ▶ Make sure welfare rates cover basic housing and food costs
- ▶ More supports for families who need extra supports
- ▶ Substantial increase to environmental protection

## To learn more...

### BC's Regressive Tax Shift:

#### A Decade of Diminishing Tax Fairness, 2000–2010

[www.policyalternatives.ca/publications/reports/bcs-regressive-tax-shift](http://www.policyalternatives.ca/publications/reports/bcs-regressive-tax-shift)

### Progressive Tax Options for BC:

#### Reform Ideas for Raising New Revenues and Enhancing Fairness

[www.policyalternatives.ca/publications/reports/progressive-tax-options-bc](http://www.policyalternatives.ca/publications/reports/progressive-tax-options-bc)

### And more...

[www.policyalternatives.ca/offices/bc/fair-taxes](http://www.policyalternatives.ca/offices/bc/fair-taxes)



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