



# EQUALITY IMPACT Backgrounder

*Gender Audit of the BC Carbon Tax Act*

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This Equality Impact Backgrounder is a description of the possible or actual gendered impact of the legislation. While it may raise possible breaches of the Charter worth further research and consideration, it is not an application of the Charter or Charter jurisprudence rather the application of Gender-Based Analysis and international Gender Development tools created and applied around the world.

<b>Name of Legislation</b>
<i>Carbon Tax Act, S.B.C. 2008, c. 40<sup>1</sup></i>
<b>West Coast LEAF’s interest in the Act</b>
<p>West Coast LEAF is an organization dedicated to achieving equality by challenging patterns of discrimination against women through BC-based litigation, law reform and education. This translates into a continual concern around the impact laws can have, and are having, on the lives of women in British Columbia. This Equality Impact Statement follows a process employed by West Coast LEAF when reviewing provincial legislation. This instrument enables West Coast LEAF to discover the gendered dimension of laws and legislation in different policy areas within BC, providing the informational basis for recommendations and future law reform campaigns within the respective areas.</p> <p>As the Beijing Platform for Action<sup>2</sup> outlines, there is a need for environmental legislation to have gender-sensitive analyses in order to be effective. The global discourse on climate change has responded by including the gendered impact in analyses of both the phenomenon itself and the policies enacted for its mitigation and adaptation. Focusing this more locally, West Coast LEAF noticed an absence of the gendered lens in the climate justice dialogue within BC.</p> <p>Through the support of the YWCA’s Eco-Internship program, a project was set up to help address this gap in the</p>

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<sup>1</sup> The regulations of this act are conducted through the *Carbon Tax Regulation*, BC Reg. 125/2008, and the *Consular Tax Exemption Regulation*, BC Reg. 127/2008

<sup>2</sup> “Platform for Action,” *The United Nations Fourth World Conference on Women* (September 1995)  
 Found at <http://www.un.org/womenwatch/daw/beijing/platform/environ.htm>

discourse on climate change policy in BC. The Carbon Tax Act (2008) was chosen as the primary vehicle for analysis because of its overlap as both environmental and tax policy. Furthermore, while research has been done on the equity of the carbon tax,<sup>3</sup> the gendered impact, or equality analysis, has been lacking. For these reasons, the BC Carbon Tax Act (“Tax”, “Act”, “Carbon Tax”) provides an excellent opportunity to research an environmental policy measure’s unique impact on women and other vulnerable groups.

### **Date of Legislation**

The Act was assented on May 29, 2008, and the first phase of the tax was put into effect in July of 2008.

### **History and Purpose of the Act**

In 2008, the Government of British Columbia introduced a number of pieces of legislation in an attempt to reduce greenhouse gas (“GHG”) emissions. The carbon tax was one measure enacted to help reach the GHG emission reduction goals. The carbon tax’s particular role in this new approach was to address, and decrease, the carbon footprint of households and businesses.<sup>4</sup>

Furthermore, the stated purpose of the BC carbon tax was to encourage individuals and businesses to make more environmentally responsible choices, thus reducing their use of fossil fuels and related emissions. The advantage of using this particular instrument was that it provided an incentive without favouring one way to reduce emissions over another: “business and individuals can choose to avoid it by reducing usage, increasing efficiency, changing fuels, adopting new technology or any combination of these approaches.”<sup>5</sup>

Another stated reason for this particular approach was that a higher price for higher-carbon choices also makes greener options more commercially viable, thereby encouraging businesses and entrepreneurs to develop innovative solutions that offer consumers and business affordable, lower or no-carbon emission alternatives. British Columbia’s carbon tax is based on a number of principles. Two of which are of particular interest to this

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<sup>3</sup> See “Is BC’s Carbon Tax Fair? An Impact Analysis on Different Income Levels,” *The Canadian Centre for Policy Alternatives*, (October, 2008). Found at <http://www.policyalternatives.ca/publications/reports/bcs-carbon-tax-fair>

<sup>4</sup> Hon. C. Taylor. “[Carbon Tax Act].” In British Columbia. Legislative Assembly. *Routine Proceedings*. 38th Parliament, 4th Session, Vol. 31 Num. 5 (April 28, 2008) pp. 11610-11611. Victoria: Hansard, 2008.

<sup>5</sup> Finance Ministry of BC “Backgrounder” (2008) BC Budget Website. [http://www.bcbudget.gov.bc.ca/2008/backgrounders/backgrounder\\_carbon\\_tax.htm](http://www.bcbudget.gov.bc.ca/2008/backgrounders/backgrounder_carbon_tax.htm)

statement:

### **Protection for lower-income households**

To help offset the cost of the carbon tax, lower-income British Columbians will receive an annual Climate Action Credit of \$100 per adult and \$30 per child; the credit will be paid quarterly along with the federal Goods and Services Tax Credit.

### **Revenue-neutrality**

The carbon tax will be revenue neutral. Legislation will require a plan to be tabled in the legislature each year, showing how the revenue raised will be returned to taxpayers. All revenue generated by the carbon tax will be returned to individuals and businesses through reductions to other taxes. None of the carbon tax revenue will be used for expenditure programs.

Balanced Budget 2008 sets specific tax reductions for 2008 and 2009, with future rate cuts to be confirmed as the revenue-neutral plan is updated through the annual budget process. The carbon tax is forecast to generate an estimated \$1,849 million over three years. The BC Government advertises this measure as a “fully revenue-neutral carbon tax with built-in protection for lower income British Columbians.”<sup>6</sup>

Thus, the intentions of the legislation, to which impacts will be compared in this report, are as follows.

#### 1. Impact on behavior

The *Act* is situated within an overall goal of reducing GHG emissions. The question that will be analyzed is whether this particular instrument of taxation is an effective means of accomplishing this. Particularly, since the specific role this legislation plays is to change behavior of households, businesses and industry operations, we will look at the framing of the Tax, the elasticity of these actors’ behavior, and whose behavior it is likely to affect.

#### 2. Low-income protection

This paper will assess whether the BC government is effectively meeting their own goal of avoiding a disproportionate burden on low-income British Columbians in instituting this Carbon Tax. Critical to this is how they are satisfying their other goal of revenue-neutrality. Is the particular way they are dispersing the funds back to the public a meaningful and effective approach?

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<sup>6</sup> Ibid.

<b>Category of Legislation</b>
<ol style="list-style-type: none"> <li>1. Economic</li> <li>2. Environment</li> </ol> <p>These two categories are not merely identified policy areas in which this piece of legislation is situated. They also reflect the two areas of “Women and the Economy,” and “Women and the Environment,” respectively, from the Beijing Platform for Action (1995)<sup>7</sup>. This report is motivated by the strategic objectives and steps for action that accompany these areas of interest in the Platform for Action, specifically the actions from the second and third strategic objectives from “Women and the Environment”:</p> <p>Integrate gender concerns and perspectives in policies and programmes for sustainable development.</p> <p>Strengthen or establish mechanisms at the national, regional, and international levels to assess the impact of development and environmental policies on women<sup>8</sup>.</p>
<b>Vulnerable groups identified</b>
<ol style="list-style-type: none"> <li>1. Low-income British Columbians</li> </ol> <p>The BC Government has justifiably identified low-income British Columbians as a vulnerable group, and added an accompanying goal of protecting low-income British Columbians with the Tax. In this analysis, we will investigate the impacts of the legislation to help determine whether this goal is being met.</p> <ol style="list-style-type: none"> <li>2. Rural British Columbians</li> </ol> <p>The Tax’s impact on more remote communities of the province was a popular topic as part of the discussion of the fairness of this Tax,<sup>9</sup> and many vocal detractors were from these communities. For example, a collection of</p>

<sup>7</sup> Beijing Declaration and Platform for Action, Fourth World Conference on Women, UN

<sup>8</sup> Ibid.

<sup>9</sup> See Debates of the Legislative Assembly (Hansard). Province of British Columbia Fourth Session, 38th Parliament – 2008 INDEX (Subject and Business entries) under the heading, “northern and rural areas” (Bennett) [9943-4](#) (Coons) [10010](#) (Fraser) [11307](#) (Horgan) [10179](#) (Kwan) [10085](#) (Lali) [13328](#) (Lekstrom) [9871-2](#) (Macdonald) [10033-4](#), [11384](#) (Puchmayr) [9965](#) (Ralston) [12715-6](#) (Simpson, B.) [9842](#), [11229](#) (Simpson, S.) [11143](#), [12355](#) among others.

Northern mayors went so far as to threaten to withhold collection of the tax in protest<sup>10</sup>. This analysis will look at these impacts faced by rural populations through a gendered lens to uncover how the effects differ geographically.

### **Ministry in charge of legislation**

The Ministry of Finance administers the carbon tax, under its “Revenue” responsibilities, specifically in its department of “Consumer Taxation.” The ability to appoint a Director to oversee the administration of the carbon tax is authorized in the legislation. The appointed Director is Neilane Mayhew, and she has issued a number of notices further clarifying and amending parts of the legislation.

The tax to consumers is collected in the same way as the provincial sales tax: retail dealers collect the tax from the end purchaser and transfer it to the government after every reporting period. However, the structure from the initial fuel seller is structured in the same way as the *Motor Vehicle Fuel Act*<sup>11</sup>, with fuel sellers required to pay a security equal to the tax payable on the final retail sale, and consumers. Fuel sellers will collect the tax at the time the fuel is sold at retail to the final consumer.

### **Resources attached to legislation**

In order to achieve revenue-neutrality, the government introduced the following tax measures:

The bottom two personal income tax rates will be reduced for all British Columbians resulting in a tax cut of 2 per cent in 2008 and 5 per cent in 2009 on the first \$70,000 in earnings — with further reductions expected in 2010 (\$784 million over three years);

The general corporate income tax rate was reduced to 11 per cent from 12 per cent — with further reductions planned to 10 per cent by 2011 (\$415 million over three years);

The small business tax rate was reduced to 3.5 per cent from 4.5 per cent — with further reductions planned to 2.5 per cent by 2011 (\$255 million over three years); and

The new Climate Action Credit will provide lower-income British Columbians a payment of \$100 per adult and \$30 per child per year — increasing by 5 per cent in 2009 and possibly more in future years (\$395 million over

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<sup>10</sup> Found in Ralston B. “[Carbon Tax].” In British Columbia. Legislative Assembly. *Debates*.

38th Parliament, 4th Session, Vol. 34 Num. 2 (May 22, 2008) pp. 12716-12718. Victoria: Hansard, 2008

<sup>11</sup> *Motor Fuel Act*, RSBC 1996 Ch. 317

three years).

There was also a one-time climate action dividend payment of \$100 for each British Columbian who was resident in the province on December 31, 2007. The payment was made in July 2008, and was intended to help British Columbians make lifestyle changes to reduce the cost of fossil fuels.<sup>12</sup>

### Regulations

The phased-in rates of increase for the tax have been fixed in advance, set to \$10 per metric tonne of carbon-dioxide equivalent emissions in 2008, and increasing by \$5 per tonne every year after that, until reaching \$30 per tonne by 2012.<sup>13</sup> The tax is different for different fuels depending on the carbon intensity. For example, at \$10 per tonne, the tax on gasoline was 2.41 cents per litre and for diesel, 2.76 cents per litre<sup>14</sup>.

The *Carbon Tax Regulation*<sup>15</sup>, which came into effect July 1, 2008, outlines the subcategories of gasses as well as those exempted from paying this tax. It is important to note the Government of BC's emphasis on retaining the BC economy's "competitiveness" in administering the tax. For example, all inter-jurisdictional rail, marine, and airplane travel is exempt. This means all cruise ships that have even one dock site outside of BC, airplanes with either the beginning or end of the flight being outside BC, whether passenger or cargo, are exempt from paying this tax<sup>16</sup>. As well, fuel sold in sealed and pre-packaged containers to purchasers outside of BC is exempt. The importance of protecting BC's exports and position in international travel results in a narrowing of the scope of the Tax to primarily domestic consumption. Additionally, there are legal issues around taxing inter-jurisdictional transport are acknowledged – such attempts have been deemed by the courts as *ultra vires*, or outside the authority of a provincial government in the past.<sup>17</sup>

### Impacts of the Tax

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<sup>12</sup>"British Columbia Carbon Tax," *Ministry of Revenue Publication* (February 2008).

Found at [http://www.rev.gov.bc.ca/documents\\_library/notices/British\\_Columbia\\_Carbon\\_Tax.pdf](http://www.rev.gov.bc.ca/documents_library/notices/British_Columbia_Carbon_Tax.pdf)

<sup>13</sup> Ibid. p.4

<sup>14</sup> Ibid.

<sup>15</sup>The Carbon Tax Regulation<sup>15</sup>, B.C. Reg. 125/2008

<sup>16</sup> Ibid. p.6

<sup>17</sup> CASE HISTORY – Motor Fuel Tax Act



By the BC government's estimates, the BC carbon tax will reduce B.C.'s emissions by three million tonnes annually by 2020. That represents just over eight per cent of the effort required to reach BC's goal of reducing greenhouse gas emissions 33 per cent below 2007 levels by 2020.<sup>18</sup> This reduction would be of great long-term environmental benefit, but could also have short-term benefits for local air quality by reducing the emission of air pollutants, such as particulate, nitrogen oxides, and sulphur dioxide. These pollutants are said to have an impact on human health, ecosystems, visibility, and materials. Compared to the benefits of climate change mitigation and prevention, those 'secondary' environmental benefits would mainly accrue in the short term and at the local or regional level. Therefore, they will be unevenly distributed among the population, such as among rural and urban households. Unfortunately, there are no studies incorporating the distribution of both the costs and benefits of carbon taxes, mainly because benefits are highly uncertain and difficult to measure, especially in monetary terms.<sup>19</sup>

British Columbia is in a position to benefit greatly from mitigation efforts due to its particular susceptibility to the consequences of global climate change; with sea level rising, many coastal areas are at risk of floods, the forests have already lost more than half their lodgepoles to the pine beetle infestation, and winter storms and summer droughts threaten as well. Finally, there is evidence that global climate change exacerbates forest fires<sup>20</sup>, which are currently a serious summer problem in the province – not just for those living nearby in the interior of BC, but expanding to require air advisories due to the expanding smoke around the Sea-to-Sky country, and all parts of Metro Vancouver.<sup>21</sup>

Shifting taxes from "positives" such as income, to "negatives," such as pollution, is supposed to bring about what is known as a "double dividend"<sup>22</sup> creating both environmental and economic benefits. This has been challenged by scholarship,<sup>23</sup> yet also has evidentiary backing in the experience of countries such as Sweden, which has

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<sup>18</sup> Suzuki Foundation and Pembina Institute, *BC Carbon Tax Reality Check*. (June 26, 2008)

<sup>19</sup> Christiansen, G.B., Tietenberg, T.H., Distributional and macroeconomic aspects of environmental policy. (1985) In Kneese, A.V., Sweeney, J.L. (Eds.), *Handbook of Natural Resource and Energy Economics*. Elsevier, Amsterdam, pp. 345–393.

<sup>20</sup> BJ Stocks, A. et al. "Climate Change and Forest Fire Potential in Russian and Canadian Boreal Forests" 38:1, *CLIMATE CHANGE* 1-13,

<sup>21</sup> "Vancouver issues air-quality advisory" *Globe and Mail* August 5, 2010 available at <http://www.theglobeandmail.com/news/national/british-columbia/vancouver-issues-air-quality-advisory/article1663703/>

<sup>22</sup> Baranzini, Andrea et al, "A future for carbon taxes" (2000) *Faculty of Economics and Social Sciences, University of Geneva Economics* 32 p.402

<sup>23</sup> Goulder, Lawrence H. "Environmental taxation and the double dividend: A reader's guide" *International Tax and Public Finance*. 2: 2, 157-183

undergone much technological innovation, increased employment and more efficient use of home heating in response to instituting a carbon tax in 1991<sup>24</sup>. Besides these long-term economic benefits, the Government of BC also uses the revenue neutrality of the Tax to make an economic argument for its implementation, stating that the accompanying reduction in taxes helps industry.<sup>25</sup>

### Equality Impact Analysis

Firstly, we must include a review of the tax base of this tax in order to see the parameters within which it operates. As the title expresses, of all the greenhouse gases (GHGs) produced by humans, the Tax applies only to carbon dioxide (CO<sub>2</sub>) emissions - the leading contributor to climate change globally.<sup>26</sup> In British Columbia, CO<sub>2</sub> accounts for almost 80% of GHG emissions.<sup>27</sup> Though the majority of this percentage is from the combustion of fossil fuels,<sup>28</sup> combustion of fossil fuels in relation to inter-jurisdictional travel is excluded by the Tax. Transportation within the province is subject to the Tax, but travel with one or more stops outside the province, or exports of oil or gas to other provinces or countries, is not subject to the Tax. The result has become a reversal of the private/public dichotomy problematized in feminist analysis. Instead of regulating the public spheres of industry and business the tax is demonstrably burdening private or domestic consumption. For example, a lifestyle wholly contained domestically, travelling to and from the local school will be subject to the Carbon Tax, but due to the exclusions of inter-jurisdictional transport, a lifestyle travelling overseas weekly will not.

Even more glaring in this public/private framing issue is the exclusion of emissions from industrial processes, such as that of oil, gas, aluminum, and production of cement.<sup>29</sup> This is an area the Opposition in BC has certainly focused on.<sup>30</sup> In one CBC news article, Finance critic, Bruce Ralston stated, "the tax doesn't capture the full

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<sup>24</sup> Suzuki Foundation and Pembina Institute, *BC Carbon Tax Reality Check*. (June 26, 2008) Available at [http://www.davidsuzuki.org/Climate\\_Change/Carbon\\_Tax\\_Reality\\_Check.asp](http://www.davidsuzuki.org/Climate_Change/Carbon_Tax_Reality_Check.asp)

<sup>25</sup> Hansard, Monday, February 23, 2009, Vol. 38 No.8

<sup>26</sup> Organization for Economic Co-operation and Development., *Environmentally Related Taxes in OECD Countries: Issues and Strategies* 117 (2001)., at 41.

<sup>27</sup> BC Ministry of the Environment British Columbia, *Environmental trends in British Columbia, (2007)*, available at [http://www.env.gov.bc.ca/soe/et07/EnvironmentalTrendsBC\\_2007.pdf](http://www.env.gov.bc.ca/soe/et07/EnvironmentalTrendsBC_2007.pdf)

<sup>28</sup> Ibid. p.180

<sup>29</sup> BC Ministry of Finance, *Budget and Fiscal Plan 2008/09-2010/11 at 11-12 (2008)* [hereinafter BC Budget 2008], available at [http://www.bcbudget.gov.bc.ca/2008/bfp/2008\\_Budget\\_Fiscal\\_Plan.pdf](http://www.bcbudget.gov.bc.ca/2008/bfp/2008_Budget_Fiscal_Plan.pdf).

<sup>30</sup> Hansard, Wednesday, May 5, 2010, Vol.

spectrum of emissions. [It] will hit consumers and average families the hardest as large industrial polluters get a pass and a handout..."<sup>31</sup> These exclusions are justified by some as more difficult emissions to measure and ones that would be better covered under a cap-and-trade system<sup>32</sup>. Indeed, the Government has taken steps toward instituting a cap-and-trade system in the province in order to address these emissions, yet this has not yet been fully established at this time.<sup>33</sup> The immediate concern of these exceptions is obviously the efficacy of the Tax, itself. For example, while Sweden is exalted by the Government of British Columbia as an illustration of the benefits and behavioral changes that can come from a Carbon Tax, Norway also instituted a carbon tax with much less success, and evidence shows that the industry exceptions played a large role in stunting its success.<sup>34</sup> Norway has had a carbon tax in place for ten years, and at a rate that makes it one of the highest costs on carbon emissions in the world.<sup>35</sup> Due to population similarities,<sup>36</sup> Norway's example is an important one to consider. The real lesson from Norway's high level of tax on GHG emissions seems to be that the reduction of GHG emissions has actually been quite modest since the introduction of the tax – well under British Columbia's forecasted reductions<sup>37</sup>. The report by Statistics Norway points to the heavy tax exemptions and differential rates as well as the inelastic demand of the actors on which it was placed as the explanation for its small effect. Researchers note, "several industries with relatively high emissions, such as the metal producing process industries, are partly or totally exempted from the carbon tax. Process emissions comprise petroleum vapors and emissions from the use of coal and coke for reduction of ores to metals, i.e. manufacturing of ferroalloy, carbide and aluminum. There is [sic] also exemptions for fishing, air and ocean transport, manufacturing of cement and leca and land-based use of gas."<sup>38</sup> The issue of effectiveness is also an issue of fairness: exempting industries means the tax burden is placed disproportionately on individuals engaged in domestic consumption, while these exemptions may also undermine the success of the Tax.

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<sup>31</sup> New Carbon Tax Receives Praise, Sparks Criticism, CBC NEWS (Can.), Feb. 19 2008, <http://www.cbc.ca/technology/story/2008/02/19/bc-carbon-tax-reactions.html>.

<sup>32</sup> Duff, David G. "Carbon Taxation in British Columbia" 10 Vt. J. Env't. L. 87 2008-2009.

<sup>33</sup> The *Greenhouse Gas Reduction (Cap and Trade) Act* was given royal assent on May 29, 2008, and most recently, an emissions inventory has been established for over 200 facilities to calculate and report the amount of CO<sub>2</sub> emitted from their production processes. The ability to measure these emissions was indeed one of the largest problems in originally trying to include them in the Carbon Tax (Duff, supra note 28), and British Columbia has signed onto being part of the Western Climate Initiative's cap-and-trade regime beginning in 2012 (The Province,

<sup>34</sup> Annegrete Bruvold and Bodil Merethe Larsen "Do Carbon Taxes Really Work?" *Statistics Norway*

<sup>35</sup>

<sup>36</sup>

<sup>37</sup>

<sup>38</sup> Ibid. 5.

Another framing issue to consider is the particular stage of production the Tax hits. In this case, the tax is taken from the end user by their immediate suppliers, who pay a security equal to that amount to the Government. This is in contrast to, Quebec's carbon tax, for example, which is an upstream tax<sup>39</sup> targeting the fifty largest emitters, with little direct impact to individuals in the province.<sup>40</sup> Again, this focuses even more scrutiny on the domestic consumer since fuel that is bought with the intent of being used outside the province is exempt from the Tax while local emissions from fuel purchased from the same vendor will not be. The Climate Justice Project of BC has devoted some attention to this distinction. This is a sufficient overview of the parameters of the Tax for our purposes. What can be seen is a honing in on the domestic behavior of residents of the province through the chosen tax base – particularly emissions that have been exempted – and the stage at which it is applied.

It is important to note the exemption for GHG emissions resulting from inter-jurisdictional activities, such as travel that includes stops outside the province. Air travel and coastal travel is exempted in our Carbon Tax as long as one of the stops on the route is outside of British Columbia. This causes the Tax to be primarily interested in domestic usage, to the exclusion of all usage that enters another jurisdiction. To illustrate the problem, products travelling from the mainland to Vancouver Island will invariably be affected by the carbon tax – a reality that is unavoidable for many essential products and services for Vancouver Island residents, whereas someone taking a cruise around BC that stops in Alaska, a far less essential activity, will not be affected by the Carbon Tax. Flights to Alberta, similarly, will not be taxed. Yet, flights from Prince George to Vancouver will. These are part of the exemptions that Norway's much higher price on carbon emissions did not tax either, and it has been a factor in the efficacy of the tax.

### **Gendered Impacts**

The Beijing Platform for Action's "Women and the Environment" section states that women should be included in decision-making, and their views reflected in environmental policy-making. From the Finance Minister to the Leader of the Opposition, to the head of the Consumer Taxation branch, prominent women have had their voices heard, and exercise influence around perceptions, policy, and administration of the Carbon Tax Act. On the issue of representation of women's particular views, studies have shown that there is a gendered dimension to attitudes toward the environment, with a broad range of research showing that women are more open to changing their behavior based on concern for the environment<sup>41</sup>. The most comprehensive studies come from Europe, where women's energy consumption is considerably less than that of men. These attitudes translate into gendered behavioral differences here locally. Statistics show that women are more likely to ride public transit, carpool, and

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<sup>39</sup> Summarized by Courchene, Thomas J. *Canada 2020 Speakers' Series, Background Document*. June 3, 2008. p.2. Available at [http://www.canada2020.ca/files/Canada\\_2020\\_Courchene\\_Paper.pdf](http://www.canada2020.ca/files/Canada_2020_Courchene_Paper.pdf)

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<sup>41</sup> In a developing world context, see....For information about women in the developed world, Sweden's report is most on point, and illuminates on gendered social constructions and their contribution to these outlooks. Furthermore, the energy consumption patterns and associative attitudes study done by the EU committee is an informative one on the subject.

walk to work. Conversely, statistics show that men do the majority of driving in BC, around seventy percent of the kilometers driven in 2007.<sup>42</sup> This is consistent with findings in other Western, industrialized countries, the most exhaustive of these being in the USA in 2001, with similar results in the UK and Sweden. Men have longer commutes, and they walk less overall.<sup>43</sup> Based on these findings one would think that men generally would be more impacted by a tax on carbon emissions as they tend to use passenger vehicles more often, and opt for less sustainable transportation options overall. A more in-depth look at these findings reveals a different picture however, as the higher demand seems to be coupled with higher elasticity – a more vital concept to assess in this case.

Traditionally, statistics on vehicle use disaggregated driving into two categories, “work” – travel to and from a person’s place of employment – and “leisure” which encompassed everything else. Men and women had comparable levels of distance travelled to and from work, and to and from leisure activities. This method of data gathering failed to recognize the “double shift” women play, however. Many errands such as dropping and picking up children from school would probably be best defined as something other than “leisure.” Recently, Statscan published a report that further dissects “leisure” driving, analyzing what kinds of stops were made and by whom. Though men do much more of the driving, they found that when you separated out “leisure” driving that is done due to caretaking responsibilities: transporting children, the elderly, and taking care of household responsibilities, men did a considerably higher amount of what was left in “leisure” driving, nearly 80% of it. Women, on the other hand, did the majority of these family and household responsibilities. Therefore, although men do much more of the passenger vehicle driving in BC, women’s already sustainable choices coupled with the kinds of trips they are undertaking, means the elasticity of their demand of fuel is much lower. This in turn makes the Carbon Tax impact women to a far greater extent, as their margin for behavioral change is smaller.

### **Impact on Low Income Women and Men**

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<sup>42</sup> Statistics Canada “Trip-Chaining” Report (2004)

<sup>43</sup> Schintler, Laurie, “Women and Travel,” in *Handbook of Transport Systems and Traffic Control* (2001) Button, Kenneth J. & Hensher, David. A. (eds) (London: Emerald Group Publishing)

Though fuel-intensive travel is disproportionately higher for middle and upper income, any assessment of a tax policy impact must take into account significant gender disparities in income, labour force participation, unpaid responsibilities and other economic and social realities, including caregiving responsibilities.

To fully understand the impact of the carbon tax on low income individuals it is important to paint a picture of who is falls into this category in British Columbia:

Canada and BC have no clear definition of poverty, relying on a low income cut-off rate (LICO). LICO takes into account the average spending on basics such as food, clothing and shelter and defines low income as families which are forced to spend a greater portion of their income on these necessities.

Over all, a woman is more likely to be poor than a man and those factors increase if the woman is racialised, a lone parent or living with a disability.

When looking at family status 5.5% of married couples are low-income as compared to 20.9% of female lone-parent families and 7% of male lone-parents<sup>44</sup>.

When comparing average income women in British Columbia have an average of \$29,100 while men earn, on average, \$47,600<sup>45</sup>. In addition the gender income gap varies depending on where in BC one is located (Fig 1).

Pay equity gap:

	men	women	gap
Kamloops	\$51000	\$35000	68%
Nanaimo	\$43000	\$32000	74%
Prince George	\$56000	\$36000	64%
Kitimat	\$76000	\$42000	55%
Vancouver	\$48000	\$37000	77%
BC	\$48000	\$37000	77%

Source: Stats Can – community profiles

Shelter affordability continues to be a concern for many women. 50.4% of female single parent renter households spend 30% or more of their income on rent compared to 31.9% of single father households which rent. When we

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<sup>44</sup> Statistics Canada, “Economic Well Being”, Article 2010

<sup>45</sup> Ibid.

compare men living alone to women we see that 43.4% of men and 55.6% of women renters are paying 30% or more of their income on rent.<sup>46</sup>

A carbon tax policy on its own will expectedly be regressive, falling proportionately more on the poor because low-income households spend a larger fraction of their available income on energy than high-income households do. Tax credits and lower rates for low-income households can help, however. Yet, as the Canadian Centre for Policy Alternatives points out about BC's carbon tax structure, it is only progressive in the first year:

The bottom 20% of BC families, by income, will have an average net gain of \$38 in the first year, but a net loss of \$47 by 2010/11. By comparison, the top 20% of BC families will have an average net gain in the first year of \$62, and an even bigger net gain of \$311 by 2010/11 — even though richer families usually have a much larger carbon footprint.

The disparity becomes even more glaringly unequal as the carbon tax increases and the level of taxation on the lowest 20% does not and cannot decrease sufficiently.

The assumption built into the Carbon Tax is that individuals can change their travel patterns. Attempts at mitigation of the tax have not addressed the underlying systemic problems that existed for low income women in regards to transportation and housing prior to the implementation. Given these circumstances the Carbon Tax has served to exacerbate pre-existing challenges faced by low income women.

#### Impact on Low-Income Women

Women drive less and walk more than men. In this way, they incur less cost for their lifestyles with the Carbon Tax when in an urban setting. Yet, also stated above is the feminization of poverty, as more women make up the lowest income bracket, and thus the regressive future nature of the tax will affect women more.

What is the transit usage rate for women in Vancouver and Victoria

Challenges women are facing in communities:

I think it would be of interest mention Stats Can on women with disabilities and ability to leave the house etc.

#### **Impact on Rural Men and Women**

#### Environmental Benefits

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<sup>46</sup> Ibid.

As state above, the BC carbon tax will reduce B.C.'s emissions by three million tonnes annually by 2020. Again, that is about a 36-million tonne annual reduction<sup>47</sup>. This decrease in emissions is valuable to rural and northern populations that will benefit from a reduction in climate change-related damages. Such communities across BC currently suffer economically from the pine beetle destroying its forestry capabilities, for example.

#### Negative

The gendered patterns of transportation referenced earlier are only applicable to the urban context. When discussing rural communities, travel distances are immediately longer for basic needs such as visiting medical professionals<sup>48</sup>. Heating homes becomes more costly due to extreme climate, and motor vehicles that are needed to handle the terrain and resource-based jobs are larger and more energy-intensive.

#### Impact on Rural Women

In studying the transportation patterns of women in the urban and suburban setting, it was clear that the particular gender roles women encompassed, such as caregiver to children and elderly family, meant that though their distance travelled was shorter, they underwent a complex system of "trip-chaining"<sup>49</sup> far more than men did, due to these multiple responsibilities. This would be much more difficult in a rural setting, and one can project that the distance travelled and commuter times women experience on the road would be much higher in comparison to their urban counterparts, and closer to rural men's experiences.

West Coast LEAF engaged in a very limited consultation with service providers in a few rural communities. Although the data does not exist, or is not easily available, to isolate impacts of the carbon tax from impacts due to living in poverty it is clear that women are engaging in individual strategies to access needed services.

Most communities indicated that when driving becomes unaffordable many women resort to hitchhiking to make it to necessary appointments. Hitchhiking from rural areas as a method of travel to and from paid work in larger centres is also one strategy that women use when individual transportation becomes unaffordable. There are clearly safety risks for women who are hitchhiking,

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<sup>47</sup> Suzuki Foundation and Pembina Institute, *BC Carbon Tax Reality Check*. (June 26, 2008) Found at [http://www.davidsuzuki.org/Climate\\_Change/Carbon\\_Tax\\_Reality\\_Check.asp](http://www.davidsuzuki.org/Climate_Change/Carbon_Tax_Reality_Check.asp)

<sup>48</sup> Ralston B. "[Carbon Tax]." In British Columbia. Legislative Assembly. *Debates*. 38th Parliament, 4th Session, Vol. 34 Num. 2 (May 22, 2008) pp. 12716-12718. Victoria: Hansard, 2008

<sup>49</sup> Schintler, p.354



Security issues raised several times (consultations in Campbell River and Penticton) for women accessing public transit in rural areas – long wait times and bus stops in insecure areas

When resource based industries close or shut down there is an impact on service oriented jobs in the area. Fewer stores are able to stay open and the ones that do exist are hiring less people. Often large box chains only hire casual or part time workers which provide women with less income but make large transportation costs.

Where can/should we go to find more data about the possible impacts this legislation may have that hasn't been covered here? (Organizations, research journals etc?)

Modeled on Lahey's data analysis for New Brunswick, a gender-segregated income/labour analysis could help tremendously in discovering the gendered impact, especially for Low-Income British Columbians.

There is a challenge in finding disaggregated data from coupled relationships. How are women and their partners making decisions on resource allocation and travel planning within BC?

Based on your research, recommend the most effective way to gather information on individual impacts.

Review negative impacts identified above and provide suggestions for mitigating actions.

Recommendations under review:

Greater investments in transportation and infrastructure in rural communities

Something similar to what is found within Federal Income Tax Act: provisions for northern allowances where people are entitled to, in their personal tax, greater deductions for the additional costs that come from living in northern and remote locations.

Child or caregiver credit in order to meet the gendered transportation demands, which as urban data demonstrates, is a necessary trip to make that falls disproportionately on women.

Review jurisprudence to see if these issues have been mitigated in court.

A group of Northern communities' Mayors threatened to withhold payment of the Carbon Tax until the Government of British Columbia guaranteed that it would be revenue-neutral for their municipalities<sup>50</sup>. No follow up was found to this threat, yet the message was clear that Northern and remote communities felt disproportionately affected by the legislation due to their geographic situation.

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<sup>50</sup> Ralston B. "[Carbon Tax]." In British Columbia. Legislative Assembly. *Debates*. 38th Parliament, 4th Session, Vol. 34 Num. 2 (May 22, 2008) pp. 12716-12718. Victoria: Hansard, 2008

