

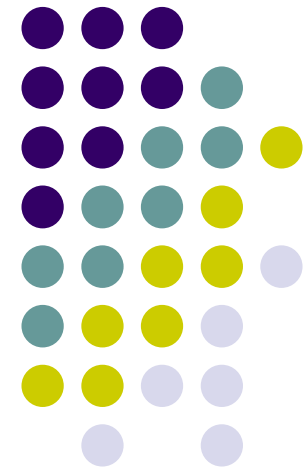
Creating Economic Structures for the Recognition of Parenting as Work

A New Zealand Case for Tax Reform to
Allow for Income Sharing

Christina Reymer

Parents As Partners

www.parentsaspartners.co.nz





Who raises the kids?



**Still a
woman's
problem?**

Go back to [paid] work?



Photo: Jane Dawber, in Joyce Herd, Cracks in the Ceiling: NZ Women 1975 -2004 NZFGW

Sense of ending up

“doing everything”

and

**“doing neither job
well”**

Stay home?

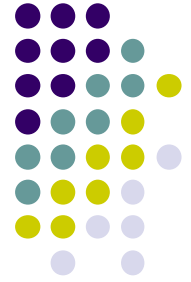


*Where do I
count?*

*Where
does the
work I do
count?*



The Most Important Job in the World?



Elise with baby Scarlett

**“The unfinished
business
of the women’s
movement”**

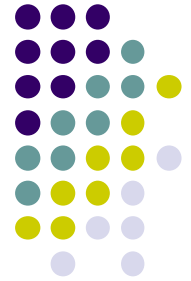
Ann Crittenden

The Price of Motherhood:

Why the Most Important Job in the World
is Still the Least Valued

Henry Holt Publ.: New York 2002

Let's go back...

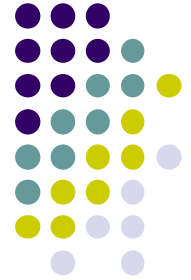


Patriarchal model
epitomised in 1950s

More myth than reality

But still forms basis of
our public policy

And further back...



“That where a woman elects to superintend her own household, and be the mother of children, there shall be a law attaching a certain share of her husband’s earnings or income for her separate use, payable, if she so desire it, into her separate account.”

Kate Sheppard NCWNZ 1896

1960's...



The beginning of
recognition of
women's
economic
independence



1970s

- 1975 First International Women's Conference
- 1976 Matrimonial Property Act



1976 recognition of partnerships

–hailed as a breakthrough for rural women

1982 McCaw Report on taxation



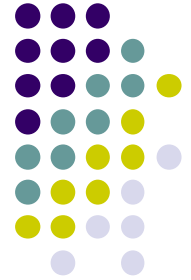
- shift to individual as unit of taxation ✓
- removal of dependent spouse rebate ✓
- recommended income splitting ✗

1991 Removal of family benefit



At-home parents are rendered completely invisible in public policy.

Powell-Reymer vs IRD

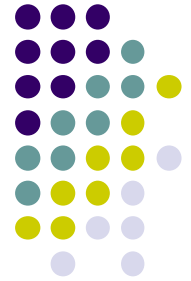


A family **partnership** whose “business” was raising children, with shared responsibility for family and shared income.

s.75 Income Tax Act

A share of my partner’s income has been earned “**in my interest and on my behalf**”.

Who owns the family wage?



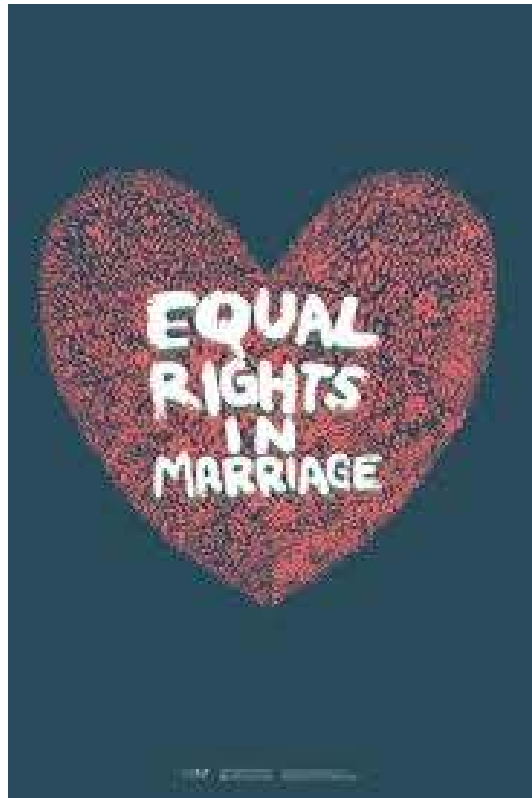
Judge Willy:

That the income earned was taxable as my partner's only, and that "what the husband subsequently chooses to do with his income is entirely his own affair."



i.e. At-home partners have **no legal claim to a share of that income.**

Human Rights



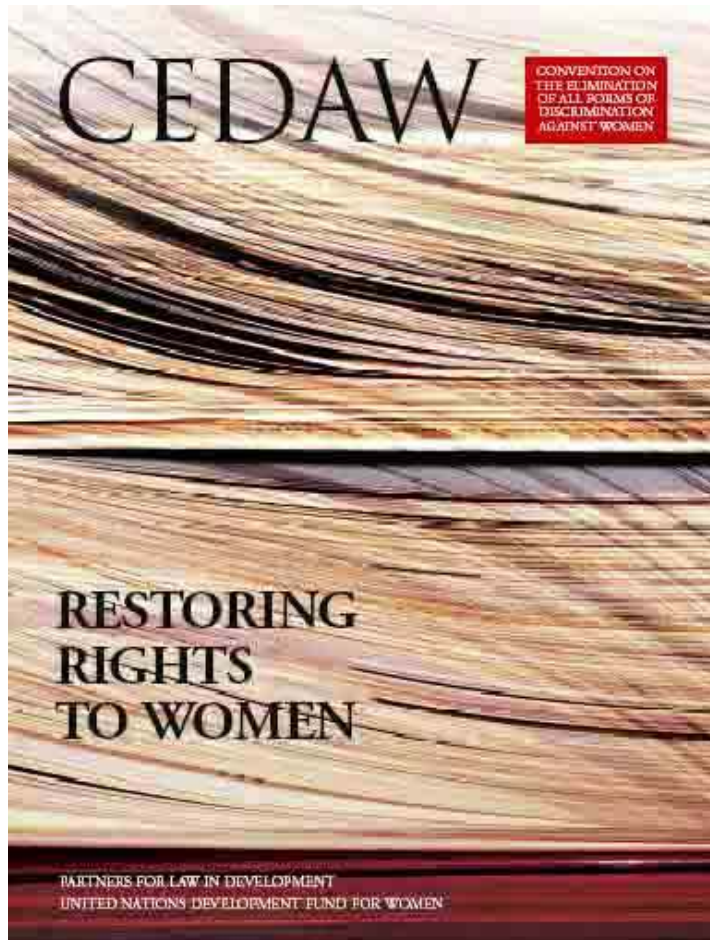
“A failure to allow the non-employed spouse an income in their own right on the basis of their marital status, contravenes the Human Rights Act”

Paul Hunt

Senior Lecturer University of Waikato

At-home mothers are “subsumed” by their spouses, denied full citizenship.

CEDAW



“Same rights and responsibilities during marriage and at its dissolution”

Article 16 (1c)

A global view of economics



Market production



Non-market production

Economics is the sum total of human activity that sustains human well-being

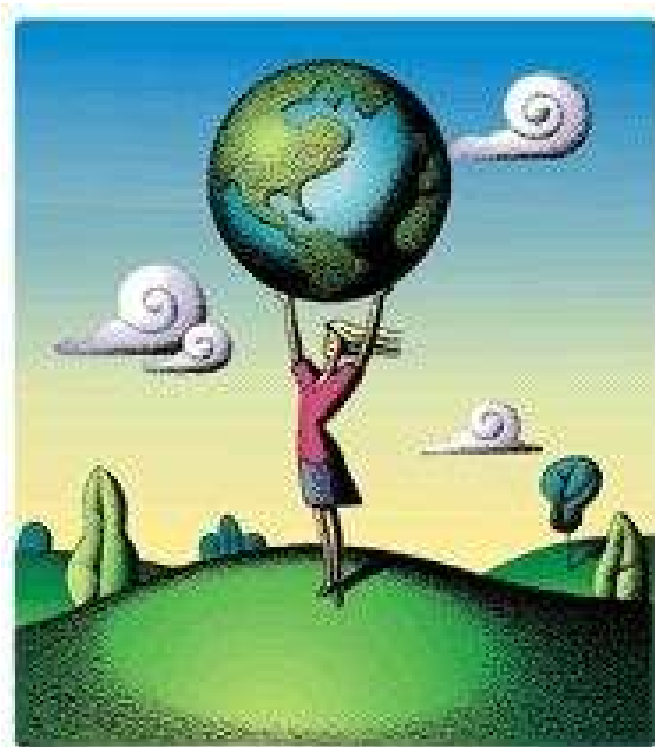
Value of the non-market sector



“Even in a modern market economy ...half of the productive activity needed to sustain us is non-market production” i.e. unpaid work.

Ironmonger, D 1995 study in Australia
cited in Waring, M. (1996) *The Three Masquerades*
Auckland University Press, p.99

Women's gift of unpaid work



“Unpaid female care giving is not only the lifeblood of families; it is the very heart of the economy. This huge gift on unreimbursed time and labour explains, in a nutshell, why adult women are so much poorer than men”.

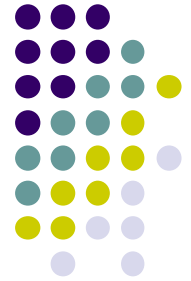
The wealth of a nation



- **Natural capital** (land, minerals, water) 25%
- **Physical capital** (bricks and mortar, technology, infrastructure) 16%
- **Human capital** (educational levels, skills, a culture of entrepreneurship) 59%

1995 the World Bank estimates

Investment in human capital



- **Health**
- **Education**
- **Care**

“It is as if economists still do not know where babies come from.”



Human Capital



Failure to recognise this as work has led to a decline in investment, i.e reduced fertility rates.

“Women are voting with their wombs”

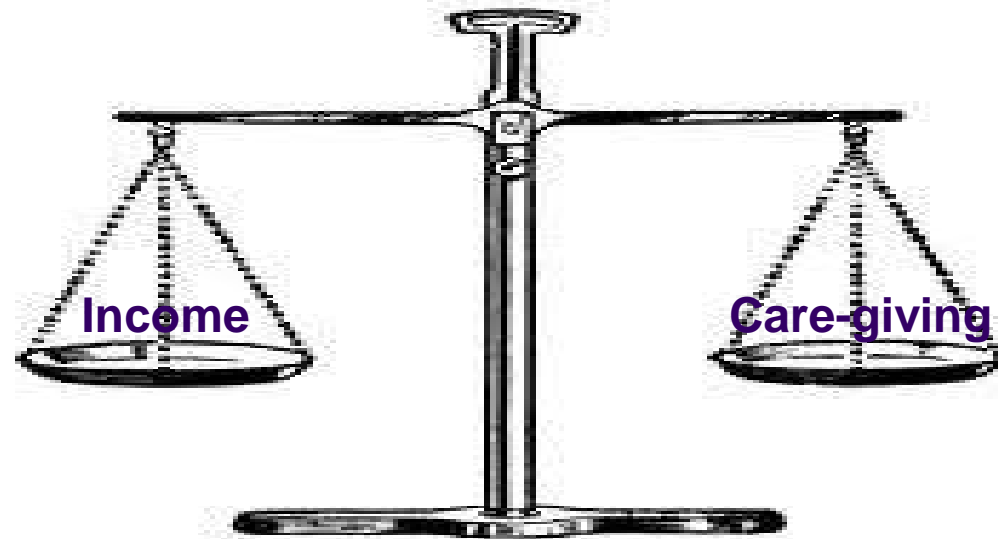
Proposal: Recognition of Partnerships



Where couples share responsibility for children and family income, each partner is taxed on their own half share of partnership income.



Tax (Income Sharing)



Gives recognition to the
interdependence of partners
in a household as “a business enterprise”

Marilyn Waring, 1996 Three Masquerades, p.78

Tax (Income Sharing)



Creates economic visibility for



the non-employed partner AND their unpaid work



Tax (Income Sharing)

Removes anomalies where couples with their own business may share income, but waged employees may not.



He splits his income...



but he cannot.

Tax (Income Sharing)



Creates consistency with welfare structures



Dovetails with
**Working for
Families**
which also jointly
assesses
couples

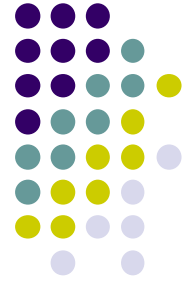


Tax (Income Sharing)

Creates consistency with the
Relationship Property Act



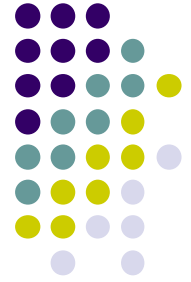
where property is
split 50/50 upon
breakup of a
relationship.



International comparisons

- Most European states allow for joint assessment of couples, including **Germany**, **France**, and **Scandinavian** countries.
- In the **USA**, most states allow couples to choose joint assessment or individual.
- English speaking Western countries UK, Australia, Canada, NZ do *not* allow it.

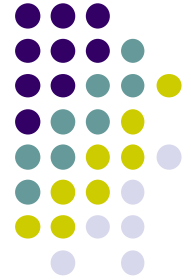
Tax (Income Sharing) Bill 2010



- Passed First Reading
23 Sept 2010
- Now before Select
Committee

NZ Herald Poll: 82% in support

Income Sharing: Costs



- Estimated \$450m
- Benefitting 310,000 families
- Average benefit approx \$1500 pa
- Middle NZ families \$60,000 -\$100,000

“Too rich to be poor and too poor to be rich”

David Lange



What Income Sharing is not:

- Not about a return to **traditional family structures**
- Not about **welfare for families**
- Not about **single parents**
- Not a **tax break for the rich**
- Not **pay** for at-home parents
- Not a **disincentive for women** to return to paid work

Detractors across the political spectrum:



- **The “liberal” left:**

“Get a real job –we’ll subsidize child care.”

- **The “conservative” right:**

“You can’t pay for love.”

“Better ways to target assistance to families.”

- **“neo-liberal” view:**

“A lifestyle choice –you want kids, you pay.”



All fail to recognise the investment in human capital

- The **responsibility of society** to share in that cost.
- The **right of full citizenship** to those making that investment.





A real alternative

Where parents may choose to invest in their own time to care for their own children **without incurring huge economic and social penalties.**

**The real winners?
*-our children!***

