

*Private Members' Business*

She said: Madam Speaker, I am very pleased to stand in the House this evening to speak to the following motion:

That, in the opinion of this House, the government should amend the Income Tax Act so that child support payments are no longer considered taxable income for their recipients.

This motion holds a great deal of interest throughout the country.

In 1942 Canada introduced a taxation policy on child support payments which allowed the payers to deduct the full amount of the payment from their income while the recipients must include the full amount in their income calculations. The policy has been criticized as discriminatory to women because it places an unfair tax burden on the custodial parent, usually the mother. Evidence shows in theory and in practice that this criticism is valid. This situation can be partially explained by historical changes, more specifically in patterns of the lives of men and women in Canada over the last 50 years.

When the policy was introduced in the 1940s it was designed to provide relief to the taxpayer burdened with both a wartime increase in taxes and the obligation of spousal and child support. The father was typically the only income earner and therefore the sole taxpayer in the separated family. It was logical at that time that tax relief be awarded to him. It was assumed the mother would still pay no tax.

Today, most single mothers have earned income and pay taxes on this income whether or not they receive support. What are the changes that have occurred in our society since this tax policy was implemented in the 1940s? First there have been demographic changes. The phenomenon of lone parenthood affects many more people today than in the past. Due to divorce and remarriage, lone parenthood is not always a lifetime, permanent situation. Rather is a phase of life of varying duration experienced by many parents. While lone parenthood itself may not be a permanent situation, the consequences have a lasting impact on women and children, particularly where the period of lone parenthood is lengthy and income is subsequently inadequate.

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As well, the practical support networks of extended family and community which usually provided financial and other forms of support have shrunk due to urban development and increased mobility.

Second, there has been a number of social changes. Today violence against women is being recognized as a societal problem that takes many forms and influences many aspects of women's daily life.

When negotiating a separation or divorce agreement many women are left in a very vulnerable position. Often they simply wish to get out of their relationship and to get on with their lives.

This often creates pressure to capitulate to inequitable settlements in order to end confrontation and avoid long drawn out custody battles. Returning to court later to seek a variance of child support is usually economically prohibitive for women and can carry many of the same dangers as the initial negotiation.

The report by the Royal Commission on the Status of Women in 1970 was the first study to examine the economic and social disadvantage of women in Canada. Since then many other studies have overwhelmingly identified and described the feminization of poverty and its direct relationship to the unpaid work involved in raising children and other tasks related to human maintenance.

Third, policy changes over the years have had a significant impact on the situation of women, families with children and in particular lone parent families. There has been decreasing support for families with children through the tax transfer system over the past two decades. The value of deductions and credits for children as a proportion of income has been steadily reduced. The reduction of the number of tax brackets from 10 to 3 today has also had an impact on families and on the tax treatment of child support.

Often after a divorce it is very difficult to find work with adequate pay to meet the needs of the children in the household. Therefore, mothers are forced to rely on social assistance. Social assistance policies in Canada however are not designed to take into consideration child support. Dollar for dollar of child support payments are deducted from the mother's social assistance cheques leaving her in a disadvantaged position of having little money for her children.

Fourth, there have been a number of economic changes in our society which impact on the taxation of child support. Perhaps the most significant change is the steady increase in the number of women, including those with children, participating in the labour force. However, they are still paid at the lower end of the pay scale.

After divorce family resources are often inadequate to continue to meet children's needs, yet it is the single mother who continues to be solely or primarily responsible for the financial needs of children because of the extremely high rate of default and child support awards.

The evidence is overwhelming. Given the number of changes that have occurred over the last 50 years it is paramount that we revisit the 1940s policy of the tax treatment of child support payments. We must ask ourselves if this policy is still, or for that matter, whether it has ever met its original goal of providing tax relief to the tax burden and encourage the payment of child support.