

Private Members' Business

Let me offer the House some of the history that fosters the current state of injustice. Present tax laws concerning child support payments were enacted in the 1940s. Society and government have been radically altered since then, but tax laws have not been altered. There is no question that the time has come to bring these laws up to speed with the modern era. We as a government must take action to modify these laws not only to bring about greater fairness but to reflect the needs of custodial parents today and in the coming years.

• (1845)

It is no exaggeration to say that the unfairness of the federal income tax system is driving custodial parents into bankruptcy and depriving their children of thousands of dollars in support payments.

The Income Tax Act actively discriminates against custodial parents by forcing them to pay tax on the support they receive from estranged spouses.

Across Canada there are almost one million single custodial parents. Of this number more than 750,000 are women. This issue like too many others involves the continuing suffering of disadvantaged women and children. We cannot remain unmoved by the adversity imposed on these Canadians by our tax regime.

[Translation]

The Income Tax Act much be changed to reflect the needs of women heading single parent families in this country.

[English]

Nations the world over have decided to make absent parents more responsible for their children. Foreign governments have taken the initiative to change their child support tax laws so that the parent who has left the home has a greater financial responsibility to the custodial parent and child.

When we look at our neighbours to the south we do not see the inequities encountered in Canada. In fact, the taxation laws concerning child support payments in the United States are the reverse of our own.

In the United States child support payments are deemed to be non-taxable income for both the payers and the recipients. If I may say so, this seems to be a more logical and equitable way to handle the issue.

In Britain the child support tax laws have only recently been changed and the government intervention has only recently moved to lessen the plight of single mothers. Nearly all absent parents have been tracked down in England and forced to pay an amount derived from an originally applied formula. This formula makes child support a top financial priority, placing great emphasis on the parent's income and the cost of raising the children while sanctioning few excuses for delinquency.

The British system emulates that of the United States by not taxing child support payments. Britain's approach to this issue has emerged as one the world's toughest. This government must join the worldwide march toward tougher child support laws and take immediate action.

In 1991 Statistics Canada revealed that there had been a 34 per cent increase in lone parent families in the previous ten years. By comparison, the number of two parent families with children rose by just 6 per cent over the same period. The end result is that lone parents accounted for 20 per cent of all families in the year 1991, up from 17 per cent in 1981.

One child in five resides in a single parent household. Moreover, these statistics clearly show that children are hit the hardest by the obsolescence of tax laws concerning child support.

The facts are plain and simple. Female lone parents remain consistently less likely than other parents to be employed and there have been sharp drops in employment levels of lone parent women during the recessions in the early 1980s and the 1990s.

Lone parent families have lower incomes than two parent families. In 1990 the average income of female headed lone parent families at \$22,000 was just 38 per cent of the \$57,000 earned by dual parent families with children.

These numbers demand action by this government. When we are struck by the appalling state of the current child tax laws we must ask ourselves why this issue has not been dealt with before.

It is clear that the current tax laws have created inequities between the payers and the recipients of child support. The tax treatment of child support payments makes a very complicated issue out of one that should be as straightforward and simple as possible. No other country treats the taxation of child support the way Canada does.

We know who the victims of the current state of child support tax laws are. It is a statistically proven fact that single women and their children are being financially devastated and socially marginalized.

• (1850)

They are the ones who bear the economic consequences of divorce and separation. If the current policy is not changed it is the children of single parent families who will go on paying, not just in some cases and not just by misfortune, but by our deliberate failure to recognize the problems with our existing tax laws.

Modernizing our primitive treatment of child support payments is an issue that must be remedied through the tax system. Better child support guidelines and enforcement mechanisms are essential and must be addressed within the justice system.