First, I must relate some important facts which justify my speaking in this House and which I think are extremely significant, on the economic situation of women who are single parents.

In Canada, 10.7 per cent of all families are headed by a single mother. A brief from the Canadian Advisory Council on the Status of Women presented to the federal–provincial–territorial committee on family law in December 1992 gives us the following picture: 82 per cent of one–parent families are headed by women; in 1986, 56 per cent of single mothers had an income below the poverty line; the percentage of poor children raised in single–parent families headed by women more than doubled between 1979 and 1988, from 17.9 per cent to 39.1 per cent. That is frightening! Seventeen per cent of children are poor; 35.5 per cent of them live in single–parent families headed by a woman.

I am not telling you anything new when I say that in most cases child custody is given to women and their income is less. This issue of pay inequity has been and continues to be a subject of debate. Clearly, the inequality of women in our society in general is felt even more strongly by women who must raise their children alone.

Studies on child support payments show that they do not cover even half of the actual expenses incurred and that usually the spouse with custody of the children must make up the difference. We cannot close our eyes to such a situation and therefore we must turn towards legal mechanisms to ensure the viability of families.

The United Nations has declared 1994 the International Year of the Family. Celebrating the family also means being aware of changes in it and ensuring that every member of the family can live in dignity if the family is separated or breaks up.

Family law has undergone major reforms over the years. This is not pure coincidence. The family is evolving, it is changing and rules of law must be adjusted to the new reality.

The Constitution splits legislative powers in these fields between the federal and provincial governments. Divorce and corollary measures such as custody and support are regulated by the Divorce Act of 1985.

From a tax point of view, the Income Tax Act provides that, in calculating his income for a taxation year, a taxpayer must include any amount received during that year in the form of allowance or support payments. Conversely, a taxpayer can deduct any amount paid as allowance or support. This is the deduction–inclusion rule.

Many requirements must be met before the amount can be paid or received, and before it can be deductible or taxable. In fact, there are six of them.

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The amount must be paid or received as support payment or other type of allowance. It must be paid or received in compliance with a decision from a court of competent jurisdiction, or in compliance with a written agreement. It must be paid or received to support the needs of the recipient, of the children of the marriage, or both. The alimony or allowance must be payable regularly; the spouses or former spouses must be separated by virtue of a divorce, legal separation or written separation agreement. The spouses must live separately at the time the payment is made or received and also the rest of the year.

As you can see, many requirements have to be met before a payment can be made. Once all these conditions are fulfilled, the deduction–inclusion rule comes into play. This tax policy is also based on four principles which the Minister of Finance explained in the report of the federal–provincial–territorial committee on family law.

It is a tax principle that when a deduction is claimed by a taxpayer regarding an expense, the recipient must pay tax on the amount. Recipients of alimony payments must be taxed the same as other taxpayers receiving the same income from other sources. The tax deduction granted to the payer makes the idea of providing support more palatable. Finally, this tax treatment is a form of subsidy which benefits children, since it is an incentive for the payer to provide more support.

Let us go back to each of these points. First, let us look at the deduction–inclusion rule. One approach points to a variety of approaches. For instance, Australia treats support payments as a debt or a non–deductible obligation. In the United States, however, a distinction is made between child support and spousal support. The non–custodial parent pays income tax on child support payments but spousal support is deductible.

These examples indicate the range of variations in terms of tax policy. The deduction–inclusion principle benefits only families where the support payer is in a higher tax bracket than the recipient. Is tax policy fair when it is based on income disparity? Should we not focus our support on low–income single parent families?

Canadian society has changed tremendously since 1942, when the first tax provisions on support payments were introduced. The number of tax brackets has been considerably reduced, and creditors and debtors may be subject to the same tax rates, although one may have a higher income than the other. Finally, if the non–custodial parent has a lower tax rate that the custodial parent, the total amount of taxes paid will be higher.

The tax deduction granted the support payer, which was thought to be an incentive for people to pay support payments, did not have that effect. Support mechanisms had to be put into place when women experienced problems collecting these pay-