

*Private Members' Business*

payments may not readily agree to either a gross-up or to a further sharing of any tax saving above the gross-up.

• (1810)

This is not just a tax issue but one of wider social injustice which affects the well-being of Canada's children and subsequently Canada's future. Article 2 of the United Nations Declaration on the Rights of the Child states:

The child shall enjoy special protection and shall be given opportunities and facilities, by law and other means, to enable him or her to develop physically, mentally, morally, spiritually, and socially in a healthy and normal manner and in conditions of freedom and dignity. In the enactment of laws for this purpose the best interest of the child shall be the paramount consideration.

It is our children who now bear the immediate consequences because the current system is not providing the effects it was intended to produce. If the current policy is not changed it is the children who will go on paying the consequences every day, not just in some cases and not by accident, but deliberately by our failure to redesign an outdated tax mechanism.

The causes of child poverty have been linked to family breakdown, at least in part, in many areas of the world including Canada. Average family incomes for single parent families headed by women are significantly lower than those of two parent families. When parents separate the cause of maintaining two households will mean that at least some members of the family will suffer from reduced income.

Unfortunately the predominant pattern is that women, who are the vast majority of custodial parents, and their children experience a marked decrease in standard of living while men who no longer live with their families experience an improvement in their material circumstances.

The Divorce Act sets out to maintain a similar standard of living for both parents after separation or divorce. Yet the standard of living for custodial parents and their children tends to decline as much as 73 per cent, whereas the non-custodial parents rises as much as 42 per cent.

When a father makes a child support payment he is transferring money he has earned toward the care and maintenance of his children. There is no difference between a parent living with their spouse and providing them with grocery money, paying for piano lessons or shoe laces than there is for a parent living separate from the their spouse or a parent of their children and making the same financial contribution.

There is no similar tax exemption for married persons or persons living common law whereby one or both of the spouses provides financially for the family. If the children were living with anyone other than the parent and those caretakers were receiving financial support, they would not be obliged to claim

it as personal income and be taxed accordingly and that is happening in this country all the time.

I have demonstrated to the House this evening the failings of the Income Tax Act on child support payments. I will run through six predominant areas.

First, I have demonstrated how Canadian society has changed demographically, socially, politically and economically. The deduction-inclusion policy on child support payments has been in existence since 1942. It is time that it be revisited and revamped to fit today's Canada.

Second, the taxation principle which holds that where a deduction has been claimed there must be an inclusion is false, absolutely false.

Third, tax subsidies from the deduction-inclusion principle only exist in some cases and it is often very minimal. Furthermore, there is no provision to ensure that where a savings exists that money is forwarded to the children to improve their standard of living.

Fourth, history has demonstrated that the availability of a tax deduction for the non-custodial parent has not proven to be an incentive for the support payer to make payments in full and on time. I believe that was one of the reasons that they instituted that in the first place.

Fifth, the standard of living for custodial parents and their children tends to decline while the non-custodial parents tends to rise. Taxing support payments works contrary to any efforts to raise these households out of poverty.

Finally, child support payments should be seen for what they are, a continuation of the non-custodial parent's obligation to the raising of their children.

Canada's tax policy taxes child support payments, unlike what we see in the United States, Australia, Britain, Sweden and in many other countries. While the average child support order covers less than half the minimum cost of raising a child, the government deems it fair to take up to one-third or more of support payments that are meant to feed and cloth children. It is time that we as legislators in the House of Commons, in the Parliament of Canada stood up and put a stop to this and bring justice and fairness into our tax system, particularly as it relates to the future of our children.

• (1815)

[Translation]

**Mr. Gilbert Fillion (Chicoutimi):** Thank you, Madam Speaker, for giving me the opportunity to speak on this motion which I care about on the tax treatment of child support payments.