

BRIEF

TO

PRE-BUDGET CONSULTATIONS

OF THE

HOUSE OF COMMONS STANDING COMMITTEE ON
FINANCE

SUBMITTED BY

THE NATIONAL COUNCIL OF WOMEN OF CANADA

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PREAMBLE

The National Council of Women of Canada (NCWC) appreciates this opportunity to present to the House of Commons Standing Committee on Finance our concerns and priorities regarding economic issues affecting women and families.

Founded in 1893, NCWC is a non-profit organization representing women of diverse occupation, language, origin and culture, and reflecting a cross-section of public opinion. NCWC is composed of 20 local councils, 5 provincial councils, 1 study group and 27 nationally organized societies.

NCWC policy is formulated by means of local council initiative. Policy additions and changes are proposed, circulated and voted upon by the general membership. Council members may speak only on existing policy when contacting the government, the media, and the public. Thus, this brief is the united voice of the federated membership of the National Council of Women of Canada.

NCWC enjoys consultative status (Category II) with the Economic and Social Council of the United Nations (ECOSOC).

In addition, NCWC is a federate of the International Council of Women (ICW), an international non-governmental organization holding consultative status (Category I) with ECOSOC. Founded in 1888, ICW is composed of National Councils in 74 countries, bringing together women of all nations, races, creeds, and cultural traditions.

In the preparation of this brief NCWC has addressed the five primary themes outlined by the Standing Committee on Finance, which are the *Process of Establishing a Budget , Tax Relief and Reform, Social Infrastructure, New Economy, Productivity and Quality of Life.*

THE PROCESS FOR ESTABLISHING A BUDGET

We commend the present consultative process, which provides individuals and/or groups with the opportunity for direct input into the development of the Budget. This process must be maintained and improved upon if at all possible. In our representational system of government, all citizens have a major informational conduit to the central governing process through local Members of Parliament. We must be cautious of any consideration given to expanding the present consultative process. This may, in fact, negatively impact on individuals and unpaid volunteer groups, who reflect the needs of ordinary citizens in society while providing increased influence to well-funded organizations and corporations.

Due diligence should be paid to make certain that the above process is clearly understood by all Canadians. It appears that greater publicity at the local level explaining how priorities for the budget are determined would be helpful.

In the area of debt reduction NCWC is concerned that longer-term targets for debt reduction could make the budgetary process less flexible, and thus less able to reflect changing needs in society or to address unforeseen economic or natural crises.

Recommendations for the Process of Budget Making

NCWC recommends that:

1. the present consultative budget making process be continued.
2. information sessions re the consultation process and the methods of developing budgets should be provided at the local level.
3. the process of gradually decreasing the national debt should continue, but the rate of re-payment should not be increased or accelerated.

TAX RELIEF AND REFORM

A) INCOME TAX

i) Reduction of Taxation

Across the board tax cuts primarily benefit persons in higher income brackets. NCWC strongly opposes a general reduction of income taxes at a time when social, health, and education programs continue to be threatened with cut backs.

ii) Full Indexation of Tax Brackets

A change from partial to full indexation of tax brackets to inflation is essential to stop the current gradual erosion of income. This erosion creates added financial difficulties for lower income individuals, many of whom are senior women.

iii) Child Care Tax Deduction

The present child care tax deduction is unfair to lower-income earners and discriminates against families where one member is a full time caregiver. It is worth much more to higher income earners, and is not available to families where one parent is at home full time.

NCWC recommends that the present child care tax deduction be changed to a refundable tax credit, and that this refundable tax credit be made available also to parents who care for their own children at home.

iv) Benefits for Unpaid Caregivers of Adult Family Members

Unpaid caregivers of adult family members, who are primarily women, make a significant contribution to society by providing care for individuals who would otherwise be cared for at government expense. Such caregivers sacrifice career opportunities, and frequently subsist on inadequate income, both during the caregiving years and in later life.

A tax deduction is presently permitted in some cases, but a tax deduction is of little use to a full time caregiver with no or limited income.

NCWC strongly recommends that refundable income tax credits and Canada Pension Plan credits be made available to unpaid full time caregivers of adult family members.

v) Taxation on Individual Income

NCWC strongly urges that taxation continue to be based on individual, rather than on family income. Taxation of family income would have negative consequences for many women as they are sometimes paid at a lower rate, and are more likely to work part-time.

The combining of both incomes would likely place the family in a higher tax bracket, with both spouses paying more income tax.

Family income taxation could become a real disincentive to employment for the lower income spouse.

B) REDUCTION OF PAYROLL TAXES

In spite of the current concerted media blitz to convince government that high taxes are driving business out of Canada, NCWC believes that payroll taxes, such as EI and CPP should not be reduced. These play a vital role in assuring a level of income that provides some semblance of independence and assures continuation of income in a varied set of circumstances. Originally these were created as a safeguard for all and especially women who are often found in the position of greater need.

C) RECOGNITION OF UNPAID WORK IN THE NATIONAL ACCOUNTING SYSTEM

Failure to recognize the value of unpaid work in the economy is reflected in substantial inequities, particularly for women, the largest group in this category. Women in the paid work force often take part-time employment, refuse promotions, request unpaid leaves of absence or resign from careers to become full-time unpaid caregivers for family members. As previously discussed, such family caregivers should be recognized in both taxation and pension measures.

The downloading of care to family members that followed cuts to funding for social and health care services continues to be invisible to government. Thus such funding cuts are shown as a net gain in government budgets.

NCWC urges government to implement measures to recognize in national accounting statistics the value of unpaid work to the economy.

D) REBATES

It is an established fact that there is a great need for developing alternate energy sources. We could perhaps consider a process whereby an acknowledgement of efforts for developing alternate energy sources would be established in the form of a rebate. For example, encouraging the purchase of Hybrid super emission car by providing a rebate.

E) BALANCED BUDGET

It is vital to maintain a balanced budget while dealing with debt reduction. NCWC has a concern that if this does not occur, the government will not have the resources to continue and maintain valuable social programs, such as housing, child care, social welfare, etc.

RECOMMENDATIONS FOR TAX RELIEF AND REFORM

NCWC recommends that

1. income taxes not be reduced.
2. income tax brackets be indexed to inflation.
3. the present childcare tax deduction for working parents be changed to a refundable income tax credit, and made available also to parents who care for their own children at home full-time, and to unpaid full-time caregivers of adult family members.
4. eligibility for Canada Pension credits be made available to unpaid full-time caregivers of adult family members.
5. the present system of basing taxation on individual income be continued.
6. payroll taxes not be reduced.
7. all government benefits be indexed to inflation.
8. national accounting statistics recognize the value of unpaid work to the economy
9. a system of tax rebates for utilizing alternate energy sources be established
10. a balanced budget be maintained

SOCIAL INFRASTRUCTURE

A) CANADA HEALTH ACT

NCWC commends the government for continuing to support the principles of the Canada Health Act. It is important that the present single payer approach continue to be protected. The poorest Canadian has the right to have access to the same quality of basic health care as the wealthiest. It is the Canadian way.

B) PRO-RATED BENEFITS FOR PART TIME WORKERS

A majority of part-time workers continue to be women. Some fast food and retail chains have traditionally reduced operating costs by hiring a disproportionate percentage of staff on a part-time basis, with few or no benefits. A more recent version of this unfair

situation occurred when a large Canadian hospital replaced one full-time position, with full medical, dental, vacation, and pension benefits, with five one day per week positions with no benefits. The "downsized" incumbent worker, an employee for many years, was offered one of the one day per week positions.

Persons employed on a part-time basis frequently spend their later years in poverty, lacking a pension and other job related benefits.

NCWC urges government to enact legislation that would require employers to provide pro-rated benefits (medical, dental, pension, vacation) to all part-time employees.

C) UNEMPLOYED PERSONS AGED 60 - 65

Lower income older workers under the age of 65 are increasingly being laid off due to downsizing or restructuring, with little or no wage settlement or other financial resources. Once Employment Insurance Benefits cease they find themselves in straitened circumstances, with bleak prospects in the job market because of their age.

Some type of financial assistance is necessary to "close the gap" for such persons until OAS benefits begin at age sixty-five.

D) FUNDING FOR HEALTH CENTRES OF EXCELLENCE

Members continue to express concern that financial support hereto provided for Women's Health Centres of Excellence has fallen victim to a greater focus on funding for National Security. A monitoring system needs to be put in place to assure that this does not occur..

RECOMMENDATIONS FOR SOCIAL INFRASTRUCTURE

NCWC recommends that

1. the principles of the Canada Health Act continue to be maintained.
2. the present single payer approach to health care continues to be supported.
3. legislation be enacted that would require employers to pay pro-rated benefits (medical, dental, pension, vacation) to part-time employees.

4. assistance be considered for older unemployed persons with meager financial resources during the period of time before OAS benefits can be accessed at age sixty-five.
5. Maintain an appropriate and adequate level of funding for Women's Health Care Centres of Excellence

NEW ECONOMY

A thriving economy, reflected in increased employment opportunities, benefits all levels of society. However, there would seem to be a role for government in monitoring both the changes created by new technologies and the increased integration of domestic and world markets, with measures developed as needed to protect the quality of life of individual Canadians.

Support for investment in new technology to stimulate the economy and to increase the standard of living in Canada should be continued.

RECOMMENDATIONS FOR NEW ECONOMY

NCWC recommends that

1. the effect on the quality of life in Canada of changes created by new technologies and by the increased integration of domestic and world markets be monitored by government.
2. government invest in infrastructure associated with new technology to stimulate economic growth.

PRODUCTIVITY

A) MEASUREMENT OF PRODUCTIVITY

There is need for the formulation of a research agenda that would lead to an improved measurement of productivity. NCWC suggests that criteria related to the distribution of income be included in any definition of productivity.

B) SUPPORT FOR EDUCATION AND SKILLS DEVELOPMENT

NCWC supports measures for education and skills development, but is concerned about the seeming lack of accountability to federal government on the part of the provinces for funding received for these programs.

C) SUPPORT FOR RESEARCH AND DEVELOPMENT

The need for an adequate tax base is underlined when R&D are considered. Helping Canadian business become more innovative will be one of the big challenges of the next century.

D) SOCIAL AND LABOUR MARKET REFORM

NCWC has concerns that the replacement of the Canada Assistance plan by the Canada Health and Social Transfer has tended to increase the marginalization of those on social assistance. An increase in poverty at the individual level is often reflected in diminished employment opportunities. If standard of living improvements are to include this population, government must insist that the provinces replace the more punitive approaches to social assistance with developmental ones designed to respect the dignity and humanity of the individual recipient.

NCWC supports the government in its efforts to secure the social safety net, which includes services as well as income maintenance.

E) TRADE POLICY

There is increasing pressure from business to extend free trade agreements, especially with countries with well-developed economies. While NCWC does not oppose trade agreements, we believe that the operation of current agreements needs to be monitored and adjusted when necessary. For example, as more agreements have been signed and implemented, there has been a reduction in the social safety net throughout all countries, coupled with greater income disparity, and reduced government services.

F) LETTING THE MARKET WORK

NCWC is concerned about the increased reliance on markets in such areas as health protection, food safety and environmental concerns. There is a strong role for government in the protection of the public good in such areas.

RECOMMENDATIONS FOR PRODUCTIVITY

NCWC recommends that

1. Statistics Canada be asked to develop a research agenda that would lead to improved measurement of productivity.
2. any definition of productivity include criteria related to distribution of income.
3. funding support to the provinces for post secondary education and training and for social assistance programs include accountability criteria.
4. a social safety net of government services and income maintenance continue to be secured for those in need.
5. limits to the free market system be recognized in areas such as health protection, food inspection, and environmental protection.

QUALITY OF LIFE

A) CRISIS IN THE USA

NCWC has great concern regarding the recent corporate crisis in the USA and the resulting impact and implications for Canadian pension funds and investments of senior Canadians, many of whom were urged to invest outside of Canada, specifically the USA, in order to improve their economic future. The recent occurrences and scandals have had a negative impact and left many Canadians in dire financial straits. A majority of these are seniors. During the coming year NCWC intends to develop policy in order that we can urge governments to provide a mechanism for security in this respect.

B) SECURING OUR FUTURE

NCWC has recently completed a successful Common Program entitled “Securing our Future”. Two years were devoted to the economics of later life. The main theme of the program was “Working to improve women’s economic status throughout women’s life cycle”. The voices of young women were heard at national and community roundtables. They identified barriers to self-sufficiency and thus raised the awareness of young women regarding these issues and their eventual impact on their quality of life. As a result strategies were developed to bring about positive change and help secure their economic future. A viable economic climate for these young women will result in their secure future. We gratefully acknowledge the financial assistance for this project by the Secretary of State Women’s Program as well as HRDC funding.

C) THE ENVIRONMENT

NCWC continues its concern regarding the impact of environmental issues that effect the quality of life of Canadians. We have developed policy in this respect and have made previous recommendations. One of these concerns is the cumulative effect of environmental changes brought about by the greenhouse gases and their impact on health care issues. As the quality of the environment declines health care issues are compounded, creating situations where it will be required to direct more finances towards the alleviation of health issues such as Childhood Asthma and other respiratory ailments. The problems of the environment must be addressed before the situation escalates.

D) WORLD TRADE ORGANIZATION

NCWC is concerned that the World Trade Organization Panel on Financing for Development through the adoption of the Monterrey Consensus is going beyond its trade mandate to non-trade areas, such as public health, public services, food security and other areas. It should be noted that the trade-related Intellectual Property Right Agreement promotes monopolization through patent protection of plants, microorganisms, biotechnological techniques, food and essential drugs. These far-reaching WTO policies have the capacity to

adversely affect women because there is no use made of Gender-Based Analysis in the planning processes.

D) ALLEVIATION OF POVERTY

This issue is an ongoing concern for NCWC. We have, for many years expressed a great concern regarding situations resulting from poverty, especially the implications on children. One of the key issues that may assist in the alleviation of poverty is the provision of affordable housing. We know that even working families use food banks because they spend a high percentage of their income on housing, often substandard at that. This need is evident at almost all levels of society. Therefore, the provision of available and affordable housing would be a significant method to make effective and positive change.

RECOMMENDATIONS FOR QUALITY OF LIFE

NCWC recommends that

1. rules and regulations be established to eliminate barriers to self-sufficiency thereby assisting each individual to become a fully functioning and contributing member of society
2. priority be given to dealing with environmental issues
3. the actions and policies of WTO be closely monitored and action taken where necessary when these impact negatively on women's quality of life
4. the Federal government continue to strive for adequate and appropriate housing for all Canadians.