

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, non-partisan organization of women's groups representing a very large section of our population, with diverse occupation, language, origin and culture, and reflecting a cross-section of public opinion. NCWC is composed of 18 local councils, 5 provincial councils and 28 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, with the exception of two employees in our national office, is entirely staffed by volunteers who often use their own after-tax dollars to help fund NCWC's work. In order to ensure broad grassroots participation, membership dues are purposely low. This brief is submitted, therefore, without the cost projections which would lend significant weight to our policy recommendations, as funds are not available to hire necessary research staff.

NCWC holds 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. NCWC is a Participating Non-Governmental Organization, working with the Women's Commission of the Organization of American States.

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 inflexible longer-term targets for debt reduction could make the budgetary process less responsive to unforeseen economic or environmental/natural crises which could be of short or long-term duration and thus less able to reflect changing needs in society.

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) Relief for Working Poor

Across-the-board tax cuts primarily benefit persons in higher income brackets. The “middle class” has gradually been eroded over the years, with more people joining the ‘working poor,” and only a very few lucky lottery winners able to move into the upper socio-economic classes. Specific tax relief for those in the lower socio-economic brackets, otherwise known as the “working poor,” would be most beneficial, enabling them to better afford adequate housing, lessening their dependence on food banks, and giving them some stability. NCWC strongly opposes any general reduction of income taxes which would threaten our social, health, and education programs.

ii) Income Tax Exemption for Interest on Private Home Mortgages

We strongly urge the government to extend personal income tax exemptions to include the interest on mortgages on private owner-occupied homes. This would be a welcome tax break for the financially strained middle class, and would provide encouragement and incentive to those who are aspiring to home ownership.

iii) 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.

iv) Child Tax Benefit

We believe the Canada Child Tax Benefit should be raised and the clawback by provincial governments of federal benefits from families on social assistance should be stopped.

v) 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/limited income.

We commend the government on proposing to improve the tax recognition of medical and disability-related costs incurred by caregivers.

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.

vi) 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 spouses paying more income tax.

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

B) PAYROLL TAXES

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) MATERNITY LEAVE BENEFITS

We support maternity and parental leave benefits and we strongly commend the government for the actions they have taken to date to address this issue. However, because maternity benefits currently are funded by employment insurance (EI), not all women are eligible for such benefits. Self-employed women, for example, who do not pay into EI, are not able to participate.

D) 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.

E) 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. An example would be to encourage the purchase of hybrid cars by providing a rebate on the actual cost at time of purchase, or a tax allowance could be given for the taxation year in which a hybrid car is purchased, or even for each year in which the taxpayer owns and operates the hybrid car. Such measures would encourage the use of these cars until there are better ways to reduce the emission of greenhouse gases.

Measures to reduce pollution will result in greater health benefits for all of us, especially children and older persons who are the most susceptible to illness.

F) 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 health care, housing, child care, and other social welfare programs.

RECOMMENDATIONS FOR TAX RELIEF AND REFORM

NCWC recommends that

1. Across-the-board income tax cuts not be introduced.
2. Specific income tax cuts for the working poor be implemented.
3. Personal income tax exemptions be extended to include the interest on mortgages on private owner-occupied homes.
4. Income tax brackets be indexed to inflation.
5. The Child Tax Benefit be raised and clawbacks by provinces of federal benefits from families on social assistance be ended.
6. Eligibility for Canada Pension credits be made available to unpaid full-time caregivers of adult family members.
7. The present system of basing taxation on individual income be continued.
8. Payroll taxes not be reduced.
9. All government benefits be indexed to inflation.
10. National accounting statistics recognize the value of unpaid work to the economy with publication annually of the Auxiliary Accounts as Canada committed to do at the Beijing Fourth World Conference for Women in 1995.
11. A system of tax rebates for utilizing alternate energy sources be established.
12. 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 and a one-tiered system. The poorest Canadian has the right to have access to the same quality of health care as the wealthiest. It is recommended that midwives and nurse practitioners be more widely accepted into the health care system and utilized wherever possible to lessen the strain on other health care providers. It is also recommended that proactive approaches re preventative medicine be more widely used, and that people be encouraged to live healthy lifestyles and stay well.

B) CHILD CARE

We commend this government for voicing a commitment to adequate child care and strongly urge that sufficient federal funds be committed to develop a publicly funded child care system that is fully inclusive and available to meet the needs of all parents and children, with special emphasis on early childhood education. We recommend subsidizing larger businesses to set up nurseries or daycares for their employees' children, and increasing wages for daycare workers, many of whom have degrees in early childhood education, so that we have the best people possible looking after our children.

There is a gap period of approximately six months between the time one's maternity leave expires (when the child is one year old) and the age at which most daycares will take children, which is eighteen months. This is proving problematic for many parents and could be addressed by a publicly funded system.

C) SOCIAL SAFETY NET

To ensure that all families without other means of support receive adequate social assistance, federal transfers for social services must be raised. To assist those who have lost their jobs, employment insurance (EI) must again be re-invented, to once more provide more inclusively and less exclusively, for those who really need it.

It is time to reinstate the ideal behind which (un)employment insurance was founded and to create a safety net with fewer holes. A system which was set up to help people survive

economically between jobs has become a system with so many qualifiers that only some, and fewer than ever, are able to access the help they need. Statistically, fewer and fewer women over 45 are qualifying for EI. And these women, who have traditionally earned less than men anyway, are at greater risk of becoming a welfare or homeless statistic. With the huge surplus currently in EI funds, working Canadians paying into EI have a right to expect it to be there when they need it.

D) RAISE MINIMUM WAGE

To assist those who are struggling to support themselves and their families, federal minimum wages must be raised. The working poor must be helped to stabilize their job/financial situations so that they can provide adequately for themselves and their families. An adequate living wage is a good first step.

Incremental increases to the minimum wage should be matched to a cost of living index such as the Consumer Price Index.

E) PRO-RATED BENEFITS FOR PART TIME WORKERS

A majority of part-time workers continue to be women. Some larger companies have traditionally reduced operating costs by hiring a disproportionate percentage of staff on a part-time basis giving them few or no benefits. While this may result in huge profits for these businesses by reducing their bottom line, the immediate result for their employees is a smaller paycheque and few or no benefits. Part-time workers are usually the first to be laid off, so it also means they have less job security. The real harm from this practice is that these employees join the ranks of the working poor and are therefore at much greater risk of becoming homeless as it is harder and harder to provide for their families. Linking the value to the GDP of part-time earnings with the value of the unpaid work being done by many part-time employees would provide a clearer picture of the real pension needs of these workers, most of whom are women.

NCWC urges government to enact legislation that would require employers to provide pro-rated benefits (medical, dental, pension, vacation) to all part-time employees. We also urge that companies be given incentives to not practice large scale “part-timing.”

F) UNEMPLOYED PERSONS AGED 60 - 65

Lower income older workers under the age of 65 are increasingly being laid off due to “right-sizing” or restructuring, with little or no financial compensation. Once Employment Insurance Benefits cease they find themselves in difficult financial circumstances with bleak prospects in the job market because of their age. Although they can begin claiming their CPP/QPP at age 60, it is often not enough to live on until they are eligible to receive their OAS pension at age 65.

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

G) FUNDING FOR HEALTH CENTRES OF EXCELLENCE

NCWC has concerns that financial support hereto provided for Women’s Health Centres of Excellence has been decreased and we wish to voice our support for increased funding levels.

G) PAY EQUITY

We urge that the federal government:

- a) replace the existing federal pay equity scheme with comprehensive and proactive pay equity legislation,
- b) affirm that pay equity is a fundamental human right protected under the *Canadian Charter of Rights and Freedoms* and international human rights law,
- c) devise effective methodology for job evaluations, job comparisons, wage adjustments, and the timing of corrective payments, and
- d) have easily accessible procedures for non-unionized women, as well as part-time, casual, seasonal, and contractual workers. (The Canadian Taxpayer has already invested in the necessary equivalence figures which were developed by Status of Women Canada.)

RECOMMENDATIONS FOR SOCIAL INFRASTRUCTURE

NCWC recommends that

1. The principles of the Canada Health Act and a one-tier system continue to be maintained.

2. Midwives and nurse practitioners be more widely used to lessen the strain on other health care providers.
3. Proactive approaches re preventative medicine be encouraged.
4. Sufficient federal funds be committed to develop a publicly funded child care system that is fully inclusive and available to meet the needs of all parents and children.
5. Federal transfers for social services be raised.
6. Employment Insurance be more inclusive and responsive to those who need it.
7. Federal minimum wages be raised to stabilize situations of the working poor.
8. Legislation be enacted that would require employers to pay pro-rated benefits (medical, dental, pension, vacation) to part-time employees.
9. Companies be given incentives to not practice large scale “part-timing.”
10. Assistance be considered for older unemployed persons with meager financial resources for any “gap” period until OAS benefits can be accessed.
11. Maintain an appropriate and adequate level of funding for Women’s Health Care Centres of Excellence
12. Replace the existing federal pay equity scheme with comprehensive and proactive pay equity legislation.

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 research and developed 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 free 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) SECURING OUR FUTURE II

NCWC has recently completed a successful Common Program entitled “Securing our Future,” during which time we devoted two years to studying the economics of later life. We have now embarked on Securing Our Future II, continuing the main theme of “Working to improve women’s economic status throughout women’s life cycle”. Strategies have been developed to bring about positive change and help secure women’s economic future. A viable economic climate for these young women will result in a more secure future for them. We gratefully acknowledge the financial assistance for this project by the Secretary of State Women’s Program as well as HRDC funding.

B) ALLEVIATION OF POVERTY

This is the second year of a Common Program for NCWC addressing “Housing for the Homeless.” We commend the government for their work in this area, specifically committing more than \$2 billion over the six-year period between 2002-3 and 2007-8, including \$1 billion for the Affordable Housing Initiative, more than \$500 million for housing renovation programs, and \$665 million for the National Homelessness Initiative.

However, we strongly urge the government to commit new money to affordable, adequate housing for the homeless.

We know that even working families are often obliged to use food banks because they spend such a high percentage of their income on housing, often substandard at that. Therefore, the provision of available, adequate, and affordable housing is significant to make effective and positive change. Poverty, poor housing, poor nutrition, and poor education all contribute to long-term poor health with resultant higher health care costs.

C) THE ENVIRONMENT

NCWC continues its concern regarding the impact of environmental issues that affect 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, micro-organisms, 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.

RECOMMENDATIONS FOR QUALITY OF LIFE

NCWC recommends that

1. Rules and regulations be established to eliminate barriers to self-sufficiency.
2. Priority be given to dealing with environmental issues.
3. The actions and policies of the WTO be closely monitored and action taken where necessary when these impact negatively on quality of life.
4. The Federal government continue to strive for adequate and affordable housing for all Canadians.

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NCWC Policies:

70.4	Taxation of Income Below the Poverty Line
75.13	Income Tax Exemption for Interest on Private Home Mortgages
76.12	Tax Exemption on Incomes below Minimum Poverty Levels
76.4	Homemakers and the Canada Pension Plan
79.1	Equal Pay for Work of Equal Value
81.1	Pension Reform Retirement Income
81.2	Improving Pensions for Women
82.13EM	Canadian Housing Crises
83.5	Amendments to Unemployment Insurance Act – re: Maternity Benefits
86.9	Legalization of Midwifery
86.2	Equal Benefits for Part-time Workers
86.17EM	Child Care
87.1	Seniors Bridging Allowance
87.11EM	Child Care
88.1	Housing: A National Emergency
88.4	Minimum Wage and Unemployment
89.5	National Objectives of Child Care
89.7	Environment
90.4	Government Clawback of Old Age Security Pensions/Family Allowances
90.13EM	Global Warming
91.1	Eliminating Child Poverty
92.19PU	Child Care
92.20PU	Housing
93.5	Changes to the Income Tax Act

NCWC Policies, continued:

93.12PU	Equality of Health Care Services for Canadians
94.4	Incentives for Workplace Childcare
94.5	Review of the Role and Functions of Social Programs
94.6	Income Tax Act/Stay-at-Home Parents
95.11PU	Tax Benefits for Child Care
95.14EM	Social Assistance Standards
96.12PU	Child Care Deductions
96.13PU	The Seniors Benefits
96.14PU	Women as Family Caregivers
96.6	Old Age Security
93.5	Changes to the Income Tax Act
97.1	Retaining the Canada Pension Plan
97.2	Support for the Family Caregiver
97.4	Protecting Canada's Environment
97.9 PU	Social Assistance Standards
97.12PU	Eliminating Child Poverty in Canada
00.1PU	Child Care
00.3PU	Child Poverty and Benefits
01.1 PU	Federal Government Role in Health Care
01.4PU	Equal Benefits for Part-time Workers