

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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EXECUTIVE SUMMARY

The National Council of Women of Canada (NCWC) appreciates this opportunity to present to the House of Commons Standing Committee on Finance. Please note that this brief is submitted without the cost projections which would lend significant weight to our policy recommendations, as funds are not available to hire necessary research staff.

As per instructions from the Standing Committee on Finance, NCWC has primarily addressed investment in **human capital** (our people), **physical capital** (our communities), and **entrepreneurial capital** (our businesses).

If our citizens are happy (in the sense of being fed, clothed, and housed adequately and appropriately) and productive (in the sense of contributing to their own well being and that of their families and their communities), that goes a long way to ensuring the growth and prosperity of our communities and our businesses. Our people **are** our communities and businesses. Therefore, we have addressed many issues that pertain directly to people as we feel that human capital is the most important part of the equation.

We strongly recommend that:

- Alleviating poverty be a priority, that specific tax relief be implemented for the working poor, and that clawbacks by the provinces of social assistance be stopped.
- Adequate, affordable, and available housing for all be a priority.
- The government continue to support the principles of the Canada Health Act and a one-tiered system – and that proactive approaches re preventative medicine be more widely used.
- Child Care be fully inclusive and available.
- Employment Insurance provide more inclusively.
- Environmental issues be considered of prime importance.
- Alternate energy sources be developed and people encouraged to use these sources, such as hybrid cars, by offering rebates or tax incentives.
- A social safety net of government services and income maintenance continue to be secured to those in need.
- The federal government adequately address pay equity.
- Maternity leave benefits be made more inclusive.
- The government enact legislation that would require employers to provide pro-rated benefits to all part-time workers, a majority of whom are women. Part-time workers are an ever-growing segment of our population.
- Employers be given incentives to not practice large-scale “part-timing.”
- Education and skills training be given increased emphasis.
- Technology not only stimulate economic growth, but play a major role in producing a healthier environment.

We believe that this brief addresses those issues which are the real and crucial drivers necessary to attain the growth and prosperity of a sustainable and successful economy – an economy in which all Canadians have the opportunity to grow and prosper.

As per instructions from the Standing Committee on Finance, NCWC has primarily addressed investment in human capital (our people), physical capital (our communities), and entrepreneurial capital (our businesses).

INVESTMENT IN HUMAN CAPITAL

A) TAXATION ISSUES

i) Income Tax 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.’ We are pleased that the government has made some effort to address this by increasing the basic amount of income individuals are allowed to receive on a tax-free basis. However, by gradual increments, this amount will only reach \$10,000 by 2009. We would like to see this amount increase to at least \$15,000. For those who have a spouse, a common-law partner, or a wholly dependent relative, by 2009 they may also receive an additional credit of \$8,500. Specific tax relief for those in the lower socio-economic brackets is an investment in their future that is well spent, enabling them to better afford adequate housing, decrease their dependence on food banks, and give them greater economic stability.

NCWC strongly opposes any general reduction of income taxes which would threaten our social, health, and education programs.

ii) Tax Breaks for Medical or Disability-Related Expenses

Low-income Canadians with high medical or disability-related expenses need more of a tax break than the government has currently proposed. The example in The Budget Plan 2005 (p. 381) provides an illustration of a person who earns \$20,000 a year with \$3,500 in medical expenses. Under proposed rules, this person “*would receive \$725 from the refundable medical expense supplement, which is the full 25% of her expenses in excess of 3% of her net income.*” When you realize that this person has had to spend almost 40% of his/her income on medical expenses, \$725 seems rather inadequate. We strongly urge the government to give this issue more consideration and give these low-income taxpayers a true tax break.

iii) National Child Benefit Supplement and Clawbacks

For those families on social assistance, the NCBS may affect the amount of their social assistance payments. Many provinces and territories consider the NCBS families get as income and adjust their basic social assistance by this amount. Others may adjust their basic social assistance rates by using the maximum NCBS amount. By allowing the provinces and

territories to “clawback” benefits, those families who need assistance most are being penalized. We strongly urge that this practice be stopped.

iv) Child Disability Benefit and Clawbacks

The CDB is based on family net income and provides up to a maximum of \$166.66 per month. However, when family net income is more than \$35,595, the CDB starts being reduced. Today, this net income would not be considered by many to be excessive for any family, especially after taxes are paid which reduce it even further. We strongly urge that this clawback cease, or at the very least, that the net income at which the CDB starts being reduced is substantially raised to something in the neighbourhood of \$50,000.

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. 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. We commend the government on giving tax relief for medical and disability-related expenses incurred by a taxpayer for a dependent relative. However, in the case of those who wish to designate someone other than a relative to be their caregiver, those caregivers should be granted the same tax relief.

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.

vii) 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.

B) ALLEVIATION OF POVERTY

i) Housing for the Homeless

We commend the government for their work in the area of housing for the homeless, specifically committing (in previous budgets) 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 not to lose their focus on this issue and to continually commit new money to affordable, adequate housing for the homeless.

ii) The Working Poor

Many people are constantly in danger of becoming homeless. These days more and more people are paying too much for shelter as they live from pay cheque to pay cheque, usually on minimum wage. These people are “the working poor.” Any crisis such as a serious illness or loss of work could put them out on the street. They are often obliged to use food banks because they spend such a high percentage of their income on housing, often substandard at that.

However, good quality affordable housing is also needed not just for families, but for anyone living on a low or modest income – singles, the mentally or physically challenged, immigrants, students, and seniors.

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.

RECOMMENDATIONS FOR INVESTMENT IN HUMAN CAPITAL

NCWC recommends that:

1. Across-the-board income tax cuts not be introduced.
2. Specific tax relief for the working poor be implemented.
3. Clawbacks by provinces of federal benefits from families on social assistance be stopped.
4. Refundable income tax credits and CPP credits be made available to unpaid full-time caregivers.
5. The present system of basing taxation on individual income be continued.
6. Payroll taxes not be reduced.
7. Alleviating poverty be a priority.
8. The Federal Government continue to strive for available, adequate, and affordable housing for all Canadians.

PHYSICAL CAPITAL

A) CANADA HEALTH ACT

NCWC urges the government to continue 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. We commend the government's commitment of \$41.3 billion over the next 10 years in new federal funding for provinces and territories, and the commitment by all governments to improve access and reduce wait times. 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 committing to work collaboratively with provinces and territories to build the foundations for a shared Early Learning and Child Care (ELCC) initiative that is fully inclusive and available to meet the needs of all parents and children, with special emphasis on early childhood education. This is something that has been long promised and we look forward to its realization. We recommend increasing wages for workers in this field, many of whom have degrees in early childhood education, so that we have the best people possible looking after our children.

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 provide more inclusively for those who really need it. 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 have a right to expect it to be there when they need it.

We hope that the adjustments that the government says it will make to the EI program, in respect of various reports it has called for, will be an effective and compassion response to the evolving challenges and circumstances facing the unemployed.

D) CANADA PENSION PLAN

We are pleased to read in the 2005 Budget that the CPP is financially sustainable for at least the next 75 years, and that the growth in CPP assets over this period will provide the capacity for the plan to absorb a wide range of unforeseen economic or demographic fluctuations. It was mentioned that changes to the CPP may be considered as part of the triennial review. One change that would be considered as a positive, would be the removal of the requirement to stop working as a condition for early pension take-up.

While the increase in the registered retirement savings plan annual contribution limit will be raised to \$22,000 by 2010, realistically this only positively impacts a very small demographic. Realistically, many more people do not even earn \$22,000 a year, and these are the people who will be relying solely on their CPP and OAS pensions and the GIS to get them through their post-work years. The GIS increase for low-income seniors is a step in the right direction.

E) THE ENVIRONMENT

It is an established fact that there is a great need for developing alternate energy sources. In last year's Finance Brief, we suggested that the government consider rebates. 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 that 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.

We were pleased to read in the 2005 Budget that the Government is working with the auto manufacturing sector to achieve an agreement that would improve the fuel efficiency of vehicles, and that they believe there may be merit in the rebate concept. Their "feebate" idea would provide consumers a rebate for fuel-efficient vehicles but would also impose a fee on fuel-inefficient vehicles.

We also note that in the 2005 Budget, it was mentioned that the feebate idea could conceivably be extended to home appliances, and that ways to promote the use of public transit were being actively explored.

We commend the government for their actions thus far, and we hope to see their ideas incorporated into the new budget. 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.

With regard to providing incentives to homeowners to use energy more efficiently, the EnerGuide for Houses Retrofit Incentive Program seems like a good idea. However, the homeowner has to pay for the initial evaluation fee, which we believe should be done without charge. After the homeowner carries out the recommended improvements, another evaluation is done, and if a certain level of energy performance improvement has been achieved, the homeowner may then receive a grant. While the improvements will eventually translate into annual savings for the homeowner, the amount of the average grant is only \$630, which may not be enough of an incentive for a homeowner to invest in a new \$10,000 energy efficient heating system, for example.

Thriving communities, reflected in increased employment opportunities, benefit 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.

F) 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.

RECOMMENDATIONS FOR PHYSICAL INVESTMENT

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. The ELCC initiative be realized and that wages for workers in the field be raised.
5. Employment Insurance be more inclusive and responsive to those who need it.
6. Removal of the requirement to stop working as a condition for early pension take-up be ended.
7. Maintain an appropriate and adequate level of funding for Women's Health Care Centres of Excellence.
8. A social safety net of government services and income maintenance continue to be secured for those in need.
9. Environmental issues be considered of prime importance.

ENTREPRENEURIAL CAPITAL

A) PAY EQUITY

We urge the federal government to:

- 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.)

B) 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, it has to be recognized that only some mothers qualify because this benefit is directly tied into Employment Insurance (EI). Self-employed women and women who had too few hours of paid employment during a specified period do not qualify. This “benefit” is by no means universal or inclusive, and many women will continue to be excluded until, and unless, maternity benefits are determined separately from Employment Insurance.

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 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) 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.”

E) 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.

F) SUPPORT FOR EDUCATION AND SKILLS DEVELOPMENT

NCWC believes that education and skills development should be given an increased emphasis, but is concerned about the seeming lack of accountability to the federal government on the part of the provinces for funding received for post secondary education and training and for social assistance programs.

G) 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. The development of new environmental technologies is essential, and we commend the government's plan to develop a Sustainable Energy Science and Technology Strategy by the end of 2006. Technology must not only stimulate economic growth, but must play a major role in producing a healthier environment.

H) 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.

I) 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.

RECOMMENDATIONS FOR ENTREPRENEURIAL CAPITAL

NCWC recommends that:

1. The existing federal pay equity scheme be replaced with comprehensive and proactive pay equity legislation.
2. Maternity leave benefits be made more inclusive and determined separately from employment insurance.
3. 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.

4. Legislation be enacted that would require employers to pay pro-rated benefits (medical, dental, pension, vacation) to part-time employees.
5. Companies be given incentives to not practice large scale “part-timing.”
6. Statistics Canada be asked to develop a research agenda that would lead to improved measurement of productivity.
7. Any definition of productivity include criteria related to distribution of income.
8. Increase emphasis on education and skills development.
9. Funding support to the provinces for post secondary education and training and for social assistance programs include accountability criteria.
10. A social safety net of government services and income maintenance continue to be secured for those in need.
11. Limits to the free market system be recognized in areas such as health protection, food inspection, and environmental protection.

ADDENDUM 1

BACKGROUND ON THE NATIONAL COUNCIL OF WOMEN OF CANADA

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.

ADDENDUM 2

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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

NCWC Policies, continued:

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
87.11EM	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
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

