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Chair

Ms. Yasmin Ratansi

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• (1530)

[English]

The Chair (Ms. Yasmin Ratansi (Don Valley East, Lib.)): Ladies and gentlemen, we had better start the meeting. Dr. Philipps, who is here through video conferencing, has to leave by 4:30. Everybody must be aware of that.

We will ensure that we hear Dr. Philipps' presentation. Then we'll hear Dr. Lahey's presentation, followed by Q and A.

Dr. Philipps, we are ready to hear you.

Professor Lisa Philipps (Associate Professor, Osgoode Hall Law School, York University): Excellent.

Thank you, Madam Chair and honourable members. I am very grateful for the opportunity to speak to you today. It's a real privilege to address you. I understand you're considering, as a committee, doing a study on gender budgeting.

I'm going to limit my comments to 10 minutes, as I've been requested to do.

The first point I want to make is that any study of gender budgeting really must look at the tax side of the budget as well as the spending side. Internationally, most gender budget exercises have looked at the spending side mainly. There are a few exceptions, but most are focused on spending, and there are reasons for that.

In Canada, I'd like to make the point that the tax side of the budget is very important, and increasingly important. The reasons for this are that the federal government in Canada has broad and sweeping powers over tax policy, whereas it has much more limited powers, as you know, over spending on programs. So this makes tax an extremely important part of the fiscal picture in Canada.

Secondly, since around 1995 we've had a very noticeable shift, politically, away from a focus on spending towards tax cuts in our fiscal policy. This, again, makes the tax side of the budget so important to look at from the perspective of women.

For both those reasons I've just mentioned, there is an increasing trend to use tax expenditures to address a whole range of social and economic objectives. By tax expenditures, you all know that I mean targeted tax cuts.

Gender-blind tax policy, which is generally what we have—tax policy that's made without explicitly taking gender into account—is simply not good tax policy. It's based on incomplete information. That, I think, is the best reason anyone could give for doing a gender

analysis of tax policy. You'll end up with a more effective policy to achieve your stated objectives as well as a more equitable policy.

I'll move on in my written presentation to the principles that really should inform a gender analysis of the tax side of the budget.

There are certain basic principles that one should attend to, regardless of which tax policy we're talking about. I'm going to use the example of income splitting, because I believe you have a brief in front of you as well that I prepared with Nancy Peckford about income splitting. It's a very good example of the problems you get into, the mistakes you make, if you fail to do a careful gender analysis before bringing in a tax change.

The first principle that I would like to see any gender analysis of tax policy consider is the impact on women, both distributively and behaviourally. By distributively, of course, I mean, who is benefiting? Are women getting a fair share of the benefits of the tax change? And behaviourally, how is it impacting their choices? Is it going to impact their choices in a way that's different from the choices that men might make?

These impacts are very likely to differ for women for many tax policy changes because they have less income, on average, than men, because they derive their income from different sources, and because they have much heavier unpaid responsibilities. Those three aspects of their economic profile mean that women will often be impacted differently, be affected differently, by tax policies.

In the case of income splitting, the distributive impact we know is that the pension income splitting rules, for instance, benefit higher incomes much more than lower incomes. In fact, you need to have an income that is at least in the second tax bracket, at least around \$38,000, to get any benefit whatsoever from income splitting.

Well, if we consider women's and men's incomes, and we see that women's, on average, are around \$26,000, the average woman will get no benefit from that, whereas the average man will have a better chance of benefiting. We also know that as you go up the income scale, those earning over \$100,000 will get the vast bulk of the benefits, and that group is comprised of only 23% of women. So there is both a class and a gender bias there.

In terms of behavioural impact of income splitting, there is real concern—Professor Lahey has written about this—about deterring women from entering paid work. Women's labour force behaviour is much more sensitive to changes in tax rates than men's are. Perhaps she will explain more of that. But there is a concern, both distributively and behaviourally, with the income splitting.

•(1535)

A second principle one must always consider I think is the impact on men and women as individuals. In other words, we need to get beyond the household-level analysis, which is the standard analysis that's done by tax policy-makers. There's an assumption that if you deliver a tax cut to a household, all members of the household will benefit equally. I would disagree with that. I think giving a tax cut to the breadwinner does not guarantee that women will get a share of it.

We see that problem arising very starkly with the income splitting case. With the pension income splitting rules, there is a transfer of tax liability to the lower-earning spouse—I'm going to call her the "caregiver"—without any transfer of income required. This is a first in Canada. Always, in the past, any income splitting that is legally allowed requires assets to actually be transferred from the higher-earning spouse to the caregiver. For the first time now, with the pension income splitting rules, we have a rule that says you can put income on the caregiver's tax return without any legal obligation to share the actual income with her. If you look at it, it's really the main breadwinner in the household who's getting the tax cut. The caregiver is getting a new tax liability, without necessarily any addition to the resources under her control.

I think this is what you reveal by going beneath the household level to look at the individuals within the household. If you look only at the household level, this inequality is obscured; it's hidden from view. By getting to the individual level, you reveal it.

A third principle, then, would be that you must consider differences among women, the impact on different groups of women. In my handout to you I've given some examples.

I'll simply highlight the very first one, which is the intersection between gender and poverty. We know that lower-income women are left out of many tax cuts. In 2004, a full 38% of women who filed tax returns had no tax payable. This is because their income was too low to pay income tax, or because they already qualified for other credits that reduced their tax payable to zero. This means that those women cannot benefit from any further income tax cuts. So reducing the lowest rate or providing a new child tax credit, none of that will be delivered to those women.

The only kind of tax cut that can benefit lower-income women is something called a refundable credit, and I would be happy to go into more details about what that is in the question period. One strategy you might want to look at as a pro gender equality tax reform strategy is to convert more of our non-refundable credits into refundable credits, precisely so they can reach those lower-income women.

The final principle, I think, must be central to a gender budget analysis. On the tax side it's to consider the impact on women, both as paid workers and as unpaid caregivers. I would hope that any gender budget analysis would avoid dichotomizing these two. They're very much interlinked as issues for women's equality, and most women struggle to combine these roles in some way over the course of their lives.

Fiscal policies should, I believe, seek to reduce barriers to the labour market. However, they should also support caregivers, and

they should do so in a way that delivers support directly to caregivers, not via another person in the household.

Finally, then, to conclude very briefly, what processes could one use to improve the quality and transparency of a gender analysis of our budget? I've pointed out here on the handout that you need both internal and external dimensions to any process. There is some very good international literature that shows that the most effective gender budget processes around the world have included a combination of internal and external elements. Either on their own is less effective.

The last point I'll make, because I'm about to run out of time, is that the Department of Finance must be part of this picture. It is the key agency in making tax policy. It has the expertise about tax policy. It engages in the budget development process in a highly confidential manner, as you know, to the extent that outsiders—in other words, people in other departments or parliamentary committees—are left to do the gender budget analysis, and they will be extremely limited in what they can do because they will only be able to critique what comes out after it comes out. They will not be on the inside of the development process.

Since tax policy is extremely complex and technical, it will be difficult for members of Parliament, for parliamentary committees, for other departments, to catch and understand and to analyze thoroughly what the gender impact is.

•(1540)

We must deploy the expertise of the Department of Finance. If they are not included and invested in a gender budget process, it will have limited effect. I would obviously support whatever any other department or committee can do, but Finance is crucial.

The Chair: Thank you very much.

We'll now go to Professor Lahey for 10 minutes.

Thank you.

Professor Kathleen Lahey (Professor, Institute of Women's Studies, Queens University): Thank you, Madam Chairperson and honourable members.

I'm extremely happy to be here and have the opportunity to give you information that will hopefully assist you in deciding where you want to go with this study.

The first point I would like to make is that discussion of the implementation of gender budgeting in a highly formal and cabinet-based fashion could not be any more urgent in Canada. Since the late 1990s, Canada has lost its renowned spot as number one in both the human development index and the gender development index in the UN human development reports. It has been falling every year since then in its ratings, particularly in relation to women. It has most recently fallen down to number seven in the world from number one in just a few short years.

A new set of indicators that puts more emphasis on the economic functioning of the different indicators ranked Canada, in terms of the gender gap between women and men in 2006, at number 14, and in 2007, at number 18. So things are moving backwards for women in Canada in hard dollars and cents.

It is my own view and the view of quite a few people that a gender budget will enable everyone to look with much more realism at the status of women to date. I have distributed a handout marked annex A, which is a page taken from a report I did for Status of Women Canada on these kinds of issues. It used micro-simulation software to profile the relative income levels of women and men for 2004.

This profile shows that the discrepancy between average male incomes and average female incomes earned, from the time people reached the ages of 16 and 17 to the very end of life in their nineties, is huge and intractable. I've been running this profile for 20 years now, and the figures go up a little bit, but the shape has not changed. The size of the gender gap has changed somewhat, but 20 years ago I projected, based on the rate at which the gap was closing, that it would have closed by 2008. Sitting here in 2007, I now say it's going to revert to pre-1986 levels, probably by 2015. It's that serious.

Professor Philipps is absolutely right when she draws attention to the role of the tax system, which has been notorious as the vehicle for delivering a lot of fiscal outcomes for women that are very hard to see, hard to identify, hard to measure, and hard to track.

A gender budget could be put into place, preferably built on the existing and nearly 20-year-old tax expenditure budget published every year by the Department of Finance that accounts for hundreds if not thousands of specific line items in the various taxes that are imposed by the federal government. Then it would be possible to bring the various tax factors that are driving women's and men's average incomes apart from each other and pinpoint precisely which specific tax measures and spending measures are most responsible for the growing disparity in the male and female incomes. Further than that, it would be possible to devise with a great deal of accuracy exactly what kinds of tax and spending measures with the least cost would be most effective in beginning to reverse the ever-widening gap between male and female incomes.

● (1545)

To give you a bottom line, the most recent UN report on total incomes for men and women in Canada says that women's incomes are still only 64% on a global basis of the total of men's incomes. So you may hear that the wage gap is small and shrinking and so on, but when you look at the total amount of money that comes into the hands of women, they have yet to receive even two-thirds as much as men receive every year.

As Professor Philipps said, out of that reduced income, women not only have heavier responsibilities—something like 81% of all single parents are women, and you don't get to be a single parent unless you have at least one child in the house—but women are also responsible for much heavier shares of unpaid work that has to be done.

A 2004 survey by the Law Society of Upper Canada on the unpaid work of women lawyers, who worked the same work weeks as men, showed the average man did 13 hours of unpaid work per week and the average female lawyer did 35 hours of unpaid work on top of having to bill at a level that keeps them viable as practising lawyers. So the bottom line is that women in Canada are extremely heavily burdened by low incomes, heavy workloads, and heavier responsibility for children, and at the same time, the tax system has been pushing them further down.

Next I would like to address what I think are the specific causes in the overall tax system that are most responsible for maintaining the status quo. The first point I would like to address is the combined effect of consumption and commodity taxes combined with the existing rate structure under the Income Tax Act.

If you think in terms of how income at the lowest income levels is allocated, and if you look at annex A, you will see that women's average incomes never get much better than about \$30,000 a year, which is not a lot to start with. At the present time, out of that comes 7% for provincial sales tax in Ontario, plus the GST portion, which, if I'm keeping track of things correctly, is somewhere around 6%, maybe going down to 5%. Who knows? Together, that comes to about 13% right there out of every dollar a woman spends, because any consumption items will be potentially taxed at that rate.

If you look at income tax, you see changes were introduced in 1987; that's 20 years ago. The lowest rate of income tax federally used to be 6%—I don't know if anybody here remembers that—which was 9% when the provincial layer of tax was added. When that tax was raised to 17% from 6% as a result of the 1987 changes to the Income Tax Act, that really escalated the amount of tax payable by the very poorest people in Canada. The exemption right now under the Income Tax Act is only around \$9,000.

So the bottom line on that point is that a heavy and crushing burden looks gender neutral but impacts women disparately by virtue of the cumulative effect of the GST, PST, federal income tax, plus provincial income tax, and that is something women cannot avoid because most of their income is earned in the form of employment income from which few deductions are available.

● (1550)

Added to that are the growing number of joint tax provisions, which I have discussed in detail in the Status of Women study that you have excerpts from. I would like to reinforce the points that Professor Philipps has made in relation to income splitting specifically. If you take a look at the distribution of this tax benefit, the median retirement age income for couples is around \$40,000 right now, \$42,000. It is absolutely true that people who have \$40,000 worth of income or less will get no benefit from income splitting. The higher the income goes, the larger the benefit, up to as much as \$11,000 per couple. Seventy-seven percent of Canadians think that income splitting is good for people, but it's not good for even half of all Canadians. We need more light shed on taxation.

The Chair: Thank you very much.

In light of the fact that Dr. Philipps has to leave by 4:30, we have approximately 37 minutes. Can we keep our questions either focused to Dr. Philipps or keep them succinct so we can get in as many questions as possible? Thank you.

We'll start off with Madam Minna.

Hon. Maria Minna (Beaches—East York, Lib.): Thank you, Madam Chair.

I'm going to split my time with Mr. Pearson, because he has to go early. I'll limit my questions to Professor Philipps, because I know she has to leave, and I have a series of them for Madam Lahey, but hopefully I'll ask them in the subsequent round.

Thank you, Professor Philipps, for joining us today. This is fabulous information that really makes a big difference and helps our work tremendously.

You stated earlier, with respect to the splitting.... I'll preface it with this. One of the things I have suggested a few times—not just me, but my colleagues and I—is that if we're going to do income splitting, it needs to split the actual pension, so that 50% of the pension physically actually goes into the pocket of the other spouse, which in most cases is the woman, but not in this case, which doesn't do that. For seniors—except for those who are single, of course, whom it doesn't really help—overall, is income splitting something we ought to be totally leaving alone? There are so many people that are left behind that it doesn't really help, and it is not a way to address the issue of income shortage. Could you give a broader answer to that?

• (1555)

Prof. Lisa Philipps: I think one would never want to advocate it as a measure to help the poorest seniors, because it will leave them out. However, it is true that currently we do allow people to split their CPP, for instance, with a spouse, and we allow that to be reflected in a lower tax burden for the person who shares his or her pension. We also allow spousal RRSPs, so if you're willing to save money in an RRSP that is in your spouse's name and belongs to your spouse, you can save some tax. We do allow it already for certain types of retirement income if there is a real transfer of those assets of the pension over to the spouse.

An argument could be made for extending that to employer-based pensions, the kind of pension income that is covered now by the pension splitting rules, but it would require, as you say, that there be a real sharing, a real shift of title over those pension assets over to the spouse.

Hon. Maria Minna: Thank you.

I think I'll flip it over to my colleague, Glen, because hopefully I'll have some time to get back to you.

If you have any time left, I'll take it back.

Mr. Glen Pearson (London North Centre, Lib.): Okay. Thank you.

I thank Madam Minna for giving me some time.

Thank you for coming, Madam Philipps.

I'm really interested in some of the international stuff that was sent along to us as part of this package. We have places like Malaysia, Mexico, Korea, and Zimbabwe all doing this gender budget analysis and stuff that we're doing. I'd be interested to know how many of the G-8 countries actually have that as part of what they do.

Prof. Lisa Philipps: I'm afraid I can't answer with a precise number off the top of my head. However, I can tell you that England has moved increasingly to do it. It started with an external group, but the government is increasingly internalizing it. The U.S. does not do very much of this, to the best of my knowledge. I'm sorry I can't give you a better answer about the G-8. However, I would like to just observe that Canada has endorsed gender budgeting for countries for which it provides foreign assistance.

So we have recognized the merits of it for others.

Mr. Glen Pearson: That's right. I know that when Madam Minna was CIDA minister, that was very much part of what she was fighting for, which brings up the second part of my question.

I've done some development overseas in various countries, but especially in Africa, and it's true that CIDA, in providing funding for various programming, includes gender equality as part of what they have to do if they're going to get the money as an agency. The reason I'm asking that is because in those nations advocacy has become very important. Those NGOs have advocated at a community level to tribal chiefs or councils or whatever it is, and also at a national government level. It seems to me that you would not expect to have gender-based budgeting in places like Malaysia, but we do because of advocacy, from what I've been able to see.

Do you think that in Canada—it would seem to me—advocacy is still very important? For some reason, we haven't got this message. I would presume that if they can get it in Malaysia and in places like Mexico.... But people aren't getting it here yet, and it might be because the advocacy component is limited. Could you just draw attention to that?

Prof. Lisa Philipps: I think you're absolutely right, and this really goes to what I said about external involvement. There have to be civil society agencies that will create expectations, insist upon gender analysis, and provide independent analysis to review what the government does in order for the government exercise to happen in the first place and then to be effective. It's of great concern to me that women's organizations in the country at the moment are somewhat demobilized due to funding cuts. That is certainly hampering efforts.

However, there are a couple of groups that have really focused on this issue of gender budgeting and are making it a priority with their limited resources. It would be wonderful if government agencies could somehow work together with them to maximize those efforts.

Mr. Glen Pearson: Thank you very much.

Back over to you, Ms. Minna.

The Chair: You have one and a half minutes.

• (1600)

Hon. Maria Minna: Professor Philipps, in your presentation you talked about the impacts of tax expenditures. I did some study on tax expenditures around 1994-95. I don't support them. I don't think that's a way to deliver any social program.

I wonder if, in your work, you have done any amount of analysis on tax expenditures with respect to the ones that are intended to deliver social programs and if that material would be available for us to see the impact. I don't think there has been one done by the government that I'm aware of.

Prof. Lisa Philipps: I have done some work on that, which I would be happy to pass on to the committee. My major concern about tax expenditures is that the form in which they're delivered often excludes women because so many of them are low income or no income. If you're not paying income tax, if your income is below that threshold, you cannot access most of the tax expenditures in the system. Your only possibility is to try to access them indirectly through a breadwinner with whom you live. We simply know this is not an adequate guarantee of women's financial security. Women need access to their own resources as individuals.

I would be happy to pass on what I've done to your committee. That would be great.

The Chair: Thank you.

We'll go to Madam Demers for seven minutes.

[Translation]

Ms. Nicole Demers (Laval, BQ): Thank you, Madam Chair.

Ms. Philipps, Ms. Lahey, thank you for being here with us. Ms. Philipps, I have a first question for you.

What action should the government take on a priority basis to ensure that the federal budget is fair for women?

[English]

Prof. Lisa Philipps: I must apologize. My French is not good enough to fully understand your question or to respond in French.

Is there anyone who could translate for me?

Ms. Nicole Demers: What main action should the government take in order to make the next budget equitable for women?

The Chair: Professor Philipps, you have interpretation.

Prof. Lisa Philipps: I don't believe I have an earphone for translation. I apologize.

The Chair: Translation is working, so you'll be fine if Madam Demers speaks in French.

[Translation]

Ms. Nicole Demers: Now do you hear me?

[English]

Prof. Lisa Philipps: Yes, I did understand the question posed in English.

My answer would be that the Department of Finance needs to incorporate a gender analysis and to explain to the public how it has done that and where. It hasn't been able to. It needs to reveal that. We need to know that the Department of Finance, who are the tax policy experts in the country, are taking this into account, and they need to discuss that with Parliament, with parliamentary committees, with the public, and take that on. So far they have not been very eager to do so. Whatever they have done they've not been willing to share with outsiders. It's very difficult to make any progress on the issue without their cooperation.

[Translation]

Ms. Nicole Demers: Thank you very much, Ms. Philipps.

Ms. Lahey, a young intern from the University of Sherbrooke is with me today. One of her fields of interest is precisely gender

budgeting. She has suggested a few questions to me. It is a great pleasure for me to put them to you.

Apart from funding problems, what other problems that impede the successful application of a gender specificity in the government's structural policies do you foresee?

[English]

Prof. Kathleen Lahey: May I clarify? By funding problems, do you mean finding enough money for the federal government to do this work, or funding problems for women?

Ms. Nicole Demers: Funding problems? It's for the government to find enough money to subsidize those programs, but what other reason could there be?

Prof. Kathleen Lahey: For the government to not engage in gender budgeting?

• (1605)

[Translation]

Ms. Nicole Demers: Yes.

[English]

Prof. Kathleen Lahey: I believe that once the full scale of the inequities in the tax system reach the public sphere, it could raise so many more questions than the government has gotten for a long time.

To give you one example, Professor Philipps was talking about how the tax savings in income splitting go to the taxpayer with the higher income and the tax bill goes to the taxpayer with the lower income. Not only is that an unequal allocation of the benefit and the burden of it, but it also means that then the individual owner of the resulting money becomes more and more wealthy—the higher-income spouse becomes more wealthy—and this means that a woman's ability to accumulate income over her life diminishes as she has to pay this tax benefit that accrues to her husband's benefit.

This is a principle of allocation of family property that we have not accepted in this country since Irene Murdoch went to the Supreme Court of Canada in the early 1970s, and there was quite an uproar over it, that the woman should work and the husband should get the benefit. What is a good farm wife good for? It's to generate income, capital, savings, and now tax benefits for her husband.

I think that is one of the reasons any government might be nervous about this, and I would hope every party could step beyond whose fault this really is—because it's an inherited system—and go to work at it in a very serious way.

[Translation]

Ms. Nicole Demers: Thank you.

I now turn to another question from Emilie. In light of foreign experience, what criteria could we adopt right now? What kind of varied results among the population could we expect? Could you give me a concrete example?

[English]

Prof. Kathleen Lahey: Do you mean variables in the population pertaining to gender allocation?

[Translation]

Ms. Nicole Demers: Yes.

[English]

Prof. Kathleen Lahey: To go back again to income splitting, the government itself has estimated that it is going to spend \$3.6 billion over the next six years on income splitting just for retirement income. We can do a gender analysis of that and see where that benefit is going to end up.

In the paper I did for Status of Women Canada, on page 56 in English and on pages 65 and 66 in French, for anyone who may want to look at it later, I have used micro-simulation software to model the effects of income splitting for retirement-aged people and for people of all ages. Clearly, just by changing to income splitting of retirement income, women's share of income will go down farther than it has gone down now.

I hope that's a sufficient answer.

[Translation]

Ms. Nicole Demers: You know, we never get enough answers in any case.

[English]

The Chair: You have half a minute.

[Translation]

Ms. Nicole Demers: I would really like us to understand that, as you said, Ms. Lahey, this problem has been around a long time. So we can't take a partisan attitude to this problem if we want to achieve concrete results and for women to benefit from those results. I didn't ask those questions at all with a partisan attitude.

Thank you.

[English]

The Chair: Merci.

We now go to Madame Boucher for seven minutes.

[Translation]

Mrs. Sylvie Boucher (Beauport—Limoilou, CPC): Good afternoon, mesdames. Thank you for explaining what gender budgets are.

There are a lot of things. This is the first time that we've examined it here in committee. I don't think any committee had dared address that. I think this is good for everyone.

I would like to understand one thing. It's also important for any government in power to become responsible and to ensure that there are ways of measuring the effectiveness of this kind of initiative.

Once a country has put in place a budget that takes gender specificity into account, how can a government, whatever it may be, measure and evaluate the effectiveness of that kind of budget on an ongoing basis?

[English]

Prof. Lisa Philipps: Is that a question for me?

Mrs. Sylvie Boucher: Yes.

Prof. Lisa Philipps: Thank you.

There are many different ways of going about measurement of outcomes. I suppose one would have to think about what one means by an outcome.

One could measure who receives the benefit of a spending program, comparing men to women, who receives the benefit of a tax cut, comparing men to women. One could also look at whether the policy achieved its objective equally for men and women. So if a policy is meant to enhance productivity or increase labour force participation, does it work equally well for men and women?

This goes back to what I said about examining both distributive and behavioural impacts. It's quite a broad question, so I'm not sure how to focus my answer. Maybe you could refine the question.

● (1610)

[Translation]

Mrs. Sylvie Boucher: When a country has introduced this kind of budget, which refers to gender specificity, how can the government efficiently measure this kind of budget so that it is adequate at all levels?

[English]

Prof. Lisa Philipps: In some cases, it may need to collect more information. It may need to actually gather more data about the effect on men and women. We don't always have the information we need.

This is part of the reason that governments have to be involved. It can't just be done by NGOs, because governments have the ability to do the data collection, for instance, or they may have confidential data that they can access in order to do that kind of assessment.

[Translation]

The Chair: Thank you, Mrs. Boucher.

[English]

Mr. Stanton, you can continue.

Mr. Bruce Stanton (Simcoe North, CPC): On the remaining time?

The Chair: Yes.

Mr. Bruce Stanton: Okay, sure. Thank you, Madam Chair.

Thank you to our witnesses this afternoon for giving us some time on this important topic.

I just want to get back to one of the purposes at hand here. You're the first to come to us today. We're embarking on a study of gender budgeting, and the focus here is to help us understand how we should scope this study that lies in front of us.

The committee has spent some time on gender-based analysis. It did a rather thorough examination of it in the 38th Parliament.

Could you comment, both of you, if you don't mind, on the difference? We're into terminology here. We have "gender budgeting" and "gender-based analysis". Are they really the same? Is it really just gender-based analysis as it applies to tax and financial measures?

Prof. Lisa Philipps: I would be happy to respond.

First, I think what you said at the end is accurate, that “gender budgeting” is a term that captures the application of gender analysis to the budget as a specific government policy instrument.

Mr. Bruce Stanton: Okay.

Madam Lahey.

Prof. Kathleen Lahey: I would approach it a little bit differently. The concept of gender budgeting came out of the very same document that the concept of gender-based analysis came out of—namely, the “Platform for Action” that was adopted in Beijing in 1995 at the Fourth World Conference on Women, held by the United Nations.

Much of the “Platform for Action” shows policy analysts and researchers how to do gender-based analysis of literally every aspect of private and public functioning of a society and to identify the many, many complicated sources of inequity that permeate the fabric of every society on this globe. But when gender-based analysis was turned to fiscal instruments, it was realized that the capstone of any government's action is the budget, and it's the budget consultation process and the budget documents that hold it up and give it meaning.

So I would say that gender-based analysis cannot be completed until a gender budget is also devised and gender-based analysis is used in relation to every single spending and tax item, to identify both its physical and its behavioural impacts on women as compared to men. But until a gender budget is put on the table right along with the rest of the budget documents, the process is not complete.

To just comment on what this document might look like, it could look like the tax expenditure budget, which is a separate, bound budget document published by the government every year and reporting on how much the government is spending for the various items that could be seen as tax concessions in the various tax instruments that Canada uses.

A gender budget could be a separate bound volume that would contain exactly the same report on every spending and tax measure that Canada utilizes, and along with that could be analytic memoranda, a typical budget document that is also tabled with the budget, so that the gender budget becomes part of the most serious workings of government.

• (1615)

Mr. Bruce Stanton: So in essence—

The Chair: You have 10 seconds left.

Mr. Bruce Stanton: In other words, if a government were to say we've looked at this budget through a gender lens and we've refined it in accordance with that, the only part missing then is the documentation supporting that assertion. Is that more or less what you're saying?

Prof. Kathleen Lahey: What's also missing is the transparency that you get even in the tax expenditure budget.

The Chair: As the chair, I'll take advantage of one thing, and I think it comes from what Mr. Stanton said. We had the Department of Finance before us and we asked them how it was that if they've done gender analysis, or were looking through a gender lens, a person earning \$21,000 is too poor for the working income tax

benefit and too rich for the child tax credit—and we didn't get an answer.

We'll proceed to Ms. Mathysen, please.

Mrs. Irene Mathysen (London—Fanshawe, NDP): Thank you, Madam Chair, and thank you, Professor Philipps and Professor Lahey. Your expertise is absolutely invaluable.

I have so many questions. The first, Professor Philipps, is that you said the tax system was not adequate in dealing with issues of low-income people. If not the tax system, would national programs be more effective: a national housing program, a real national child care program, effective employment insurance, and a child tax credit that wasn't clawed back?

Prof. Lisa Philipps: I think it's true that many problems of equality require direct spending by government to address; not everything can be done through the tax system to address women's inequality or the problems of low-income people.

This is one of the reasons we need to examine the budget from a gender lens, because there has been such a heavy shift towards tax cuts as the instrument for addressing problems, and we need to scrutinize those to see if they're working equally well for men and women, for low-income and higher-income people.

There is an overlap, however, between taxation and spending, which takes the form of this beast I called refundable credits, which is really a transfer payment delivered through the tax system. So the working income tax benefit your chair just mentioned is a new refundable credit; the child tax benefit is another one. It may be possible to build on those in a way that could address more of the issues of low-income people. The tax system could be used in a way that is more friendly to low-income women and men.

Mrs. Irene Mathysen: Thank you.

Does gender inequality have an economic cost, and if so, is it possible that gender budgeting could actually save government money and provide some quite significant benefits?

Prof. Lisa Philipps: I believe it could, and I'm sorry I can't put a figure on it for you.

But I strongly believe that making tax policy in a gender-blind way means it's going to be poor tax policy, in terms of achieving the government's own stated objectives, whatever those objectives are, because the government is not using complete information in formulating its policy. And such tax policy will not actually predict how taxpayers are going to respond, because they will respond differently, depending on whether they are men or women. This needs to be taken into account to get the results the government in power wants to get, whatever the government.

Mrs. Irene Mathysen: Does Canada need more tools to perform effective gender budgeting? Do we have enough data? Is it properly disaggregated? What do we need to do, if not?

Prof. Lisa Philipps: We've made a start on that.

The Canada Revenue Agency does publish some gender disaggregated data; however, it is limited, and we would need to enrich it significantly to do a thorough gender analysis. There may be new kinds of data that would need to be produced about, for instance, the distribution of resources within households. So I believe that doing more data collection would need to be part of the exercise.

Mrs. Irene Mathysen: In looking through the document outlining the various jurisdictions that utilize gender budgeting, I noted that in all cases government allied itself with NGOs and civil society for research and advocacy. Of course, we no longer have research and advocacy in Canada; it's not possible any more. Does that limit our ability to do effective gender budgeting?

Prof. Lisa Philipps: I think it does. However, I guess I would say there are some organizations who are working on this, despite having limited resources. There are academics who are working on these topics. So there are people in organizations out there in civil society who government agencies could definitely work with. I do agree it is essential to do that.

There was a gender budget exercise in Australia for a few years that was led by a very strong women's agency within the government. However, it ultimately faltered because there wasn't sufficient external pressure, review, critique, and discussion to sustain it. It needed to have outside support as well.

• (1620)

Mrs. Irene Mathysen: We do hear rumours from time to time that governments are considering income splitting, and you've been very clear about it having a negative effect. Would your advice be, to any government, to absolutely abandon any idea of income splitting?

Prof. Lisa Philipps: Certainly in the form it has taken with the pension splitting rules, I think it would be quite disastrous for us to extend those. They are very poorly designed, especially from a gender equality perspective. It is a real shame those came into being without undergoing a proper gender analysis, and I would be very sorry to see them be enlarged.

Mrs. Irene Mathysen: Do I have time for one last question?

The Chair: Yes, you do, for one last question.

Mrs. Irene Mathysen: The Department of Finance doesn't have a separate unit to perform GBA. Individual branches are responsible for conducting GBA in their respective areas. In your opinion, is this adequate, or should a separate unit exist within the Department of Finance? How important is it?

Prof. Lisa Philipps: I'm not sure I can comment on departmental structure. However, what I do believe is that the Department of Finance needs to acquire some expertise in this field, and that probably means new personnel who are trained in gender-based analysis. There is a disconnect between the finance department and gender experts elsewhere in government. Those somehow have to be brought together so that the Department of Finance has the expertise it needs, not only in conventional tax policy but in gender-based analysis.

The Chair: Thank you, Ms. Mathysen.

We now go to the five-minute round.

We'll start with Ms. Minna, followed by Mr. Stanton.

Hon. Maria Minna: Thank you, Madam Chair.

In a document from you, Professor Lahey, which I read, you stated—and of course, I think Professor Philipps mentioned the same thing—that women essentially occupy an economic sphere separate from that of men in our society. I quite understand your description of why that would be. Professor Lahey—or maybe both of you—could you expand for us a little bit, just so we understand the underpinnings of all this and how we have to, in my view, deconstruct not only how taxation is structured and imposed, but also how we will have a field battle in dealing with some very inherently ingrained attitudes and behaviours that I think our society was structured on? I think it's going to be a difficult thing to do, but it should not be something that we don't do, obviously.

Professor Lahey—or probably both of you—could you just expand a little bit for us, because this is very important, the kind of work we're going to have to do? Regarding the culture you're talking about, Professor Lahey—the tax system having been structured along the lines of the nuclear family, with certain assumptions built in, the role a female would play, and the stereotypes that are deeply ingrained in that structure—could you, or both of you, expand on that and maybe give us some suggestions as to how we might begin to deconstruct that—because it's a major job—and where we might start with chunks of it?

I'll close by saying that you may want to comment on this final piece, which is on the taxation reversal that happened in 1987 when Mulroney was in power. It went from 6% to 17%, and that 17% was then on the lowest-income earners, most of whom were women. So we actually put the tax burden on the backs of most of the lowest-income Canadians. That might well have.... I'll just leave that to you. It's a bit of a mouthful, I know.

Prof. Kathleen Lahey: Could I actually answer the last point first? I think it's very illuminating.

Hon. Maria Minna: That's why I put the two together, because I think they're tied. Yes, go ahead.

Prof. Kathleen Lahey: Going back to the changes that were made in 1987, we used to have a rate structure that had something like 13 or 14 different income brackets, and they were very small, and they got larger very gradually. It resulted in a very smooth tax rate curve. When the 6% rate was jacked up to 17%, and when the very top rate was suddenly dropped from 34% down to 29%, we were left with three brackets, which almost produced a flat line. But even within that, you see tremendous gender differences in the way in which the restructuring of the rates impacted men and women. For example, there were something like 900,000 taxpayers who had been in the 23% bracket, who woke up one day and found out that their tax rate had dropped to 17%. Of those, 68% were men. They got tremendous tax cuts. But the women who had been taxed at the 6% rate woke up and discovered that they were now taxed at the 17% rate—an increase of 11 percentage points on the very lowest. Sixty percent of the people who jumped from 6% to 17% were women.

You go through every one of the brackets—and I did this because I was shocked at what was going on at the time—and you see that you have this double-whammy at each of the new stages, where the average incomes of men are being dropped radically and, because the women always have lower incomes in each income bracket, their rates were jacked up dramatically. At the very top, something like 77% of the people who experienced the federal rate reduction from 34% to 29% were men.

So this had a tremendous impact on women, which has played out every year for 20 years. The cumulative effect of that tremendous restructuring, on gender impact grounds, on women has been just one of the big pieces that has had a very negative effect on women.

I don't know if that's enough of an answer, but I'll stop there.

•(1625)

The Chair: Thank you, Ms. Minna.

We now have to go to Mr. Stanton for five minutes.

Mr. Bruce Stanton: Thank you, Madam Chair.

I'm going to divide my time with Ms. Grewal.

Professor Philipps, I was intrigued by the whole narrative in your discussion today about the unpaid caregiver. That seems to me to be a very critical component, and part of our work here is to try to get some scope on how we should proceed with this study. I wonder if you have any suggestions on how we might properly reflect on those issues in a study. Could you suggest—and maybe you don't have that right in front of you right now, but it would be very helpful for the committee to tap into that somehow. This may not be a group in society that we could easily get representation from. Do you have any thoughts on how we might better tap into that?

Prof. Lisa Philipps: I think it's critical to attend to it as part of a gender budget analysis. As I said, I would love it if the committee could look at women in both of their main roles, as paid workers and as unpaid caregivers. They're usually doing both at some point in their lives.

I think if you took the approach of really looking at women as individuals, not as dependants or members of a household, you would get a lot further in terms of asking whether caregivers' interests are being advanced or are being protected. When we just look at the household, and whether the household is getting a tax cut, a lot is hidden in terms of the caregiver not necessarily benefiting. So it's really crucial to look at how we could deliver resources directly to caregivers—not through more dependency credits but through more direct programs. That would be my suggestion.

The Chair: Ms. Grewal.

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Thank you, Madam Chair.

Thank you, Professor Lahey and Professor Philipps, for your time and your presentations.

Like most Canadians, I suppose, when I think of the federal budget, I think of spending. But of course that is only one part of a budget. Revenues are equally important components; all of us know that. As a professor and a researcher who specializes in tax law, can

you suggest how this gender budgeting may change the way our government collects revenue?

Prof. Lisa Philipps: I'm sorry. Is the question for me?

•(1630)

Mrs. Nina Grewal: Either one of you can answer that.

The Chair: Professor Philipps.

Prof. Lisa Philipps: Perhaps I'll make a brief response, and then I will have to leave.

I think, as Professor Lahey said, it would be extremely revealing. If we had a gender breakdown of how the tax system impacts men and women, it would reveal some inequities that would immediately seem very intolerable, which are currently deeply hidden in the tax system.

By bringing those to light, without even making a specific policy recommendation, it would be a tremendous service and an improvement in our budget process.

The Chair: Before you leave, Professor Philipps, I have two things to ask you.

You said internal to government, collect, analyze, and publish gender disaggregated data. I would like to know what sort of disaggregated data should we be looking at. If I'm putting you on the spot at the moment and you could send it to us later, we would really appreciate it. That's number one.

Number two—you have talked about it, and I think everybody needs to get their heads around it—spending departments should have responsibility. What sort of spending departments would you like us to focus on, because we need to focus on it? Would it be HRDC, for example? Would it be only those departments that are very socially focused, program-driven?

Prof. Lisa Philipps: I would think that is a major one. The justice department is also very important because it's responsible for developing specific legislative initiatives. So that's very important as well.

I apologize that I can't be more authoritative about exactly which spending departments, but I think you have identified the key one: HRDC.

I will think more about specific kinds of gender disaggregated data that would be helpful, and if I could communicate with you about that, that would be great.

The Chair: Thank you very much, and thank you for being with us. I'm sure everybody appreciates it.

Prof. Lisa Philipps: Thank you very much.

The Chair: Professor Lahey, you're not off the hook, so we will continue with the questions.

Ms. Grewal, you have approximately one and a half minutes, if you want to utilize that.

Mrs. Nina Grewal: Sure, I would.

Thank you, Madam Chair. I would just like to continue with my question.

A number of countries, as all of us know, particularly the Commonwealth countries, have been using some form of gender budgeting since the mid to late 1990s. I assume this has given researchers an opportunity to assess the success of these endeavours.

Could you please tell us what impact gender budgeting has on gender equality in those countries?

Prof. Kathleen Lahey: That is a very important question. I think the best answer is to take a look at which countries have been doing the most thorough and committed gender budgeting and then look at the very complex indicators that the UN, the World Economic Forum, and many other organizations have used, which attempt to bring everything from qualitative measures of life as well as economic indicators into the calculation.

I think it is very predictable that most of the Nordic countries, which have taken gender budgeting extremely seriously for quite a long time, are in fact the countries that have been most productive in increasing their gender and general human levels of development and have pulled very far ahead of Canada.

I will just give you one example. Although I'm not sure, I think it's Norway that is now working on closing the last ten percentage points in the overall development of women as compared to men, because there is so much thoroughgoing equality on all indicators in that jurisdiction. What they are doing now is initiating a campaign trying to explain to men that it is their responsibility to take paternity leave, to take parental leave, so that the burden of unpaid work does not sit solely on the shoulders of women. This was the next most important strategy that was revealed by using very careful statistical analysis. Where are the bottlenecks in closing that gender gap?

We can look to the use in various countries to get guidance.

The Chair: Thank you.

Thank you, Ms. Grewal.

We now go to Madame Thài Thi Lac.

[Translation]

Mrs. Ève-Mary Thài Thi Lac (Saint-Hyacinthe—Bagot, BQ): My question is for Ms. Lahey.

Could you explain to us why tax credits aren't an efficient way to offer social programs?

• (1635)

[English]

Prof. Kathleen Lahey: That's a very important question as well.

The simple answer is because you have the tax department running the program. If your goal is to deal with poverty, you do not want to put the tax department in charge of solving a problem of poverty. If your problem is inequality between men and women, you do not want to put the tax department in charge of solving that problem. Their job is to raise revenue.

The secondary consideration—in addition to putting responsibility for that where it belongs, which is with the Minister for the Status of Women—is that when you deliver social programs through a tax instrument, there will always be a significant sector of the society that cannot access those tax benefits or is afraid for some reason to

file a tax return in order to get that poverty relief. There may be people who have irregularities in their personal histories. There may be people who are simply afraid of the authorities as part of their cultural heritage. The list goes on and on. So the decision to deliver any social programming through the vehicle of a tax credit is a decision to cold-bloodedly plan to exclude at least 5% or maybe 8% of the target recipients from the program.

[Translation]

Mrs. Ève-Mary Thài Thi Lac: Thank you.

What indicators favouring the establishment of gender specificity are not taken into account in structural policies?

[English]

Prof. Kathleen Lahey: I think annex B, which was distributed to you, lists a number of tax measures that, if they were disaggregated by their impact on women and men, would help reveal the extent to which innocent-seeming tax provisions have a disparately negative impact on women. That's one set of examples to simply break out some of those tax measures.

[Translation]

Ms. Nicole Demers: May I ask you a question, Ms. Lahey?

The government currently does not have an obligation to submit existing programs to the rules of gender-based analysis. It does so only for new programs or those that are significantly altered.

Don't you think it would be important to start from scratch with all this and to ensure that all programs are subject to the criteria and specific characteristics of gender-based analysis to ensure that they take into account your concerns about tax credits and that they also take into account women's economic issues?

[English]

Prof. Kathleen Lahey: Yes.

Definitely any suggestion that, starting in 2008, any new measures should be scrutinized through a gender perspective is not good enough. What's already in place is doing the damage. That needs to be scrutinized first, I would say.

[Translation]

Ms. Nicole Demers: Thank you very much.

[English]

The Chair: *Merci. Vous avez un minute.*

Do you want to give it up? That's fine.

Ms. Mathysen, you have five minutes.

Mrs. Irene Mathysen: Thank you, Madam Chair.

Professor Lahey, I recognize that you have great expertise in this area. In your opinion, what should the goals of gender budgeting be?

Prof. Kathleen Lahey: Is your question what is the overall social economic outcome, or are you asking more concretely what pieces of paper should be generated?

Mrs. Irene Mathysen: I'm asking, more specifically, about the socio-economic goals. What should we be looking to achieve?

Prof. Kathleen Lahey: Ideally—well, it shouldn't be ideally—I think Canada has been committed for a long time on paper to achieving the full social economic equality of women, and I think until all of those differences are eradicated, gender budgeting should continue to look at, quantify, analyze, and eliminate every single one of them. There is no reason to single out any one aspect of Canadian society and say “This should be immune”. The differences between women and men are too pervasive, they're too interlinked, and they're too mutually reinforcing to ever be able to be taken apart to leave some in place.

• (1640)

Mrs. Irene Mathysen: That leads into what actually happens. In Budget 2007 the consultations related specifically to women were held with the Canadian Nurses Association, the Native Women's Association of Canada, and REAL Women of Canada. Certainly the CNA and the Native Women's Association are significant groups. Should the government expand budget consultations beyond that, with more women's groups, and if so, with whom?

Prof. Kathleen Lahey: I think at this point budget consultations should be held with as many women's groups as possible and with as many pro-poverty groups as possible as well. We should not focus only on gender, because one of the big interfaces is poverty. I think that any group that feels negatively affected by the way the fiscal functioning in Canada is conducted should be allowed to make submissions. I think constricting and attempting to stage-manage the testimony that ends up in front of the Standing Committee on Finance ensures that the full picture is not going to get out.

Mrs. Irene Mathysen: The Department of Finance identifies one of the challenges of carrying out GBA as being that it is very often difficult to determine which segment of the population will benefit from specific changes. Can this be overcome? I recognize it's a challenge, but can it be overcome?

Prof. Kathleen Lahey: With respect, I believe that with the extraordinarily high level of understanding available to the Canadian government about gender-based analysis, it is not possible that it is difficult to identify who receives what benefits. Canada was one of the architects of gender-based analysis at the very outset. It originated in CIDA. It was exported and adopted by the ILO. The UN adopted it. The expertise is not only here in Canada, but it's very much a product of Canada's very rich history of respect for diversity and support for the less fortunate. So, with respect, I do not see how that is possible.

Mrs. Irene Mathysen: You mean we should stop making excuses and get on with it.

Prof. Kathleen Lahey: Absolutely.

The Chair: You have one more minute.

Mrs. Irene Mathysen: Okay. I'll be very quick and I'll be very political.

Are budgets inherently political?

Prof. Kathleen Lahey: Yes, budgets are inherently political. I'll give you the example of the gender budget in Australia. It started out in the early 1980s with the Labour government. It was enacted at that time and was the product of the hard work of Yuri Grbich and a group of tax policy experts there who were committed to bringing gender budgeting out into the open.

Gender budgeting was carried on in Australia for quite a long period of time. If you look at the 2007 Australian gender budget, with respect, it reads like a campaign speech. It contains no analytic material; it contains statements about what we are doing for women, and political slogans find their way in there. There is no data. It is not an evidence-based account. It is a document that any fiscal expert would think was perhaps written for Political Science 101.

The Chair: Thank you, Ms. Mathysen.

We now go to Ms. Davidson.

Mrs. Patricia Davidson (Sarnia—Lambton, CPC): Thanks very much, Madam Chair, and thanks very much, Professor Lahey, for being here and imparting your knowledge to us today. It has certainly been interesting. I think what this committee has decided we're going to study is a huge undertaking; when we put this idea forward and agreed that it was something we were going to do, I think we all knew that. I think hearing your presentation and the presentation from Professor Philipps today has brought that message back to us loud and clear. It is a huge undertaking.

I think the purpose of this meeting today was to help us work out the parameters of how such a study could be performed and be successful. We know several other countries have entered into this gender budgeting process. I think Australia was the first one—and you've referred to Australia a couple of times in your comments—but there have also been several others, such as Sweden, Finland, and those areas, as well as Africa, South Africa, India, and others. What isn't clear to me is how we start this process. It has been stated that the finance department is critical to it. HRSDC has been mentioned, and the justice department has been mentioned, but what is the first step we do to start this process?

Further to that, have these other countries that have started the initiatives continued on with them, and have they been successful? A question was asked about measuring and determining whether or not they were successful. Has anybody gone that far? Have they measured their success, and if so, how have they done that?

• (1645)

Prof. Kathleen Lahey: I have not seen a meta-study that correlates budgetary responses with movement in the global indicators like the human development index, the gender development index, or anything, but it's very clear just from looking at the correlations that such a study would produce the evidence you are looking for. I have no doubt about that.

The other aspect of that, of course, is that if I can sit down with the limited micro-simulation software that Statistics Canada is willing to let the public have access to and pinpoint exactly which groups, at what ages, at what income levels, gain or lose if we change a particular provision—a spending provision or a tax provision—by a few dollars, a few hundred dollars, or whatever, and look at where they fall and who the winners and losers are, then you know the Department of Finance can do that, probably even on a bad day. So the information is there. Canada has the expertise. Statistics Canada and the Department of Finance together have the technical capability to do that.

Being able to continue is very much a function of political will, and I believe that is what happened in Australia and why its gender budgeting has become more of a symbolic gesture, as compared with some of the Nordic countries.

The real question is how to do this. Let me just go back to talk about the tax expenditure budget, which is a huge undertaking that was mounted by the Department of Finance in a very short period of time in the late 1970s, when it was realized that a lot of spending measures were disguised as tax measures and were escaping the rigours of the budgetary process. A team was struck within the Department of Finance and it was charged to develop a tax expenditure budget and come up with a justification for why it identified these items. It was done in a very short period of time, and it has continued ever since then.

So the ability is there. It seems like a huge undertaking, but that's partly because it's a huge undertaking to even make it okay in the budgetary process to talk about gender issues. There's almost more of a social obstacle to overcome rather than a technical obstacle.

When it comes to implementing gender budgeting, however, I would say that it should be a joint effort of Status of Women Canada, the Department of Finance, and an outside advisory group of experts, an all-party panel, that can bring perhaps through changes in government some moderating effect that could be described as academic objectivity, although we all understand that not everyone is going to agree as to who's really objective. I think some structure like that would get it going.

If this committee felt it was too hard to take on the whole thing at once, I would say do an in-depth study of income splitting of retirement income. I have micro-simulated what would happen if income splitting were carried out for all incomes for all taxpayers in Canada, and the effects would be absolutely devastating—annex A, the curve, would become much more dramatic in a year.

• (1650)

Mrs. Patricia Davidson: Thank you.

The Chair: Thank you.

Ms. Neville.

Hon. Anita Neville (Winnipeg South Centre, Lib.): Thank you very much for being here today.

I just want to note that your study was done through the funding of the Status of Women, which, as we know, is no more.

Where you left off is where I was going to go, which was income splitting. I noticed when Ms. Philipps was speaking, you were nodding. I'd be interested in seeing that projection you made if it were extended, if you are in a position to share it. I think the committee would find that very useful and important.

I wonder if you could expand on three areas, and I know we're short of time. They are income splitting, the universal child care allowance, which you speak to here, and the other one that we were very surprised to note, and maybe it was our own ignorance, that low-income women who receive the national child benefit have to repay 25% of any deductions they claim for child care expenses. Those are the three areas I'd like to ask you to focus on, please.

Prof. Kathleen Lahey: I think the first one you mentioned is income splitting.

Income splitting as it has been introduced with respect to retirement income is an attempt to imitate the United States' method of income splitting, which is a system of reporting income that was deliberately enacted after World War II in order to stop the states from enacting community property laws. This was done because a number of people in the Treasury department in the United States government became very upset at the sight of all of the state community property laws that were giving women 50% ownership in all family property and all family income. This was unheard of.

Income splitting was deliberately adopted in order to remove the tax incentive for politically seeking community of property, and a number of states immediately repealed their community property laws. So the laws that applied to Irene Murdoch prevail in most of the United States, supported by income splitting.

I would say that income splitting is something that all women in Canada should come to understand in a lot more detail.

The universal child care allowance is a good example of a direct expenditure to individuals that has no gender analysis associated with it. The problem is that it's not enough money—and the gender analysis on a statistical level would show this, and people have done this—to enable a low-income person to overcome the fiscal barriers to taking on enough paid work to be able to exist. But for people who can afford to live on one high income, it is essentially a gift for which no accounting need be made. It's a very expensive kind of gift to make to high-income individuals in a country where poverty is still so rampant.

The various clawbacks that pertain to the national child benefit are the result of allowing this particular provision to be administered through income tax legislation. This is the way tax policy people think, to try to make sure that no one gets anything more than what they are entitled to. But it has the effect of putting additional barriers to entering into paid work in the road of those who have responsibility for the care of children and also live on very low incomes.

Hon. Anita Neville: What would your recommendations be on that?

Prof. Kathleen Lahey: Repeal it, repeal it, repeal it—all three. They're all gender discriminatory. They all have negative effects on women.

Income splitting in particular is increasingly being repealed in every jurisdiction that has the political ability to take a look at it. In Germany right now, the government is spending something like two billion euros a year on income splitting, most of which goes to the high middle class and upper classes. It's not doing poor people any good at all.

So what's the answer? Repeal it.

Hon. Anita Neville: Thank you.

The Chair: Thank you.

Ms. Grewal.

Mrs. Nina Grewal: Gender budgeting involves analysis of any form of public revenue expenditure, so identifying the impacts on men and women, girls and boys, is not a simple task, is it? Governments do not simply take money from some and hand it over to the others. No, governments spend billions of dollars on programs that benefit both sexes. To what degree? Who knows.

How much would gender budgeting cost the government, and how many public servants would be involved in this complicated endeavour? I would like to know that.

I have two more short questions. Why budget with only gender in mind? What about other groups in the population? Those interests have received insufficient attention.

The other question is, who determines the benefits women derive from a particular policy, and how would these benefits be measured?

•(1655)

Prof. Kathleen Lahey: As to the first question, how many people would have to be hired and how much would it cost, I really don't know the answer, but it is not surprising that there is a tremendous amount of research already in existence in Canada on a whole range of issues.

Take, for example, defence spending. Some people would say women account for 51% of the population, so they get 51% of the benefit of defence spending. That is one way of looking at it. Another way to look at it is to start examining how many women receive salaries, employment benefits, specific training opportunities, and so on, as the result of military spending, how many women receive after-service care that is available to military, and how is public and social support distributed through various organizations on bases distributed between women and men. Those are the kinds of questions that would start breaking down how the spending side affects people by gender. It will cost some money to do it; however, if the UN, the IMF, and the World Bank are correct in saying that the GDP will grow faster when both women and men are working in their most economically productive fashion, then I think the long-term economic gains would outweigh the costs.

I agree with you completely on the diversity aspect of your question, but what has been shown is that until gender analysis is in place, it's very difficult to begin making sense of other diversity characteristics as well, because whether you do an analysis of impact by race, by disability, by sexual orientation, by age—pick any demographic characteristic you want—women are always in second place. So you need a gender analysis. You can either do a global gender analysis to get started and then start looking at additional characteristics, which will always enrich your analysis and help further target effective government policy, or you can do the breakdown by other characteristics and then gather all the gender data together at the end.

I think going after gender first, because it's one of the most fundamental human divisions, male and female—perhaps far too important—is the place to start. Who determines what is a benefit and what is a detriment? I think we need to listen to people talk about that.

Mrs. Nina Grewal: Do I have any more time left?

The Chair: No. Thank you so much.

If there's one last question that the Bloc has, we can proceed with that.

Ms. Demers, you have five minutes.

[*Translation*]

Ms. Nicole Demers: Thank you, Madam Chair.

Ms. Lahey, I have not been sitting on the Standing Committee on the Status of Women for very long, that is to say for a little less than one year.

I therefore did not take part in the drafting of a number of reports that have been prepared. Earlier you surprised me when you said that Canada was a pioneer in gender-based analysis and that it had even exported its discoveries in this field. You also said that the UN used it for its own bases.

In your view, what happened between the time when we were leaders, when we moved forward with analyses, studies and policy choices that favour this type of study and policy, and the time when we slipped to eighteenth in the world? What do you think happened? What happened between that time and the time when CIDA drew from our studies and research?

Consequently, since so much work was done in advance... People seem very concerned by the amount of work that we will have to do to ensure that this study is properly done. Since so many things have already been done, couldn't we take advantage of that and start off on a solid footing? I think your idea of focusing on income splitting is excellent. I think that will probably be part of our talks.

Would it be important to be able to use what has already been done in order to continue and not reinvent the wheel?

•(1700)

[*English*]

Prof. Kathleen Lahey: Yes, to answer the first part of your question, I think one of the factors that had a big impact on where Canada was and where Canada has got to is that there have been changes in economic currents, not only in Canada but also around the globe. At a certain point in Canada's history, the emphasis was very intensely focused on attempting to contain costs at the federal and provincial levels. I believe a gender-based analysis, if it had been used at that time, could have alerted people to the fact that some of the cuts that were made had a more devastating effect on women than they did on men, by virtue of both the nature of the cuts that were made and the overall economic vulnerability of women going into it.

So I think what happened to make women less equal in recent years is very much a product of not having implemented the gender-based analysis of fiscal instruments quickly enough. Remember, Canada went to the 1995 Beijing conference saying it had already secured agreement from all government departments to do gender-based analysis, and some departments did begin doing it right away.

I agree a lot can be done to build on the past, and a tremendous amount of work can be brought into the process. However, we all know the law that seems to change the most quickly is the Income Tax Act, right? It's twice a year, as regular as...what? I don't know. It's probably the most regular thing I know of.

Because of this, the rules are always changing, and they always need to be looked at again. Every time you change one provision in a budget, it will interface with other provisions. It's a fluid process. So this analysis, once it's put in place, needs to be carried out over and over again as quarterly economic reports become available, as new budgets are put in place, etc.

The Chair: Merci, Madame Demers.

I had shortchanged Ms. Grewal, so I've got one minute for Mr. Stanton.

Mr. Bruce Stanton: Thank you.

Just a brief question, Professor, about something you said a little earlier in your testimony. What information do you have that would suggest the decisions around bringing pension income splitting was somehow motivated by what happened in the United States?

Prof. Kathleen Lahey: What information...?

Mr. Bruce Stanton: Is that just an opinion, or is there something...?

Prof. Kathleen Lahey: No, it's not an opinion. I reached that conclusion after having followed the Reform Party's platform for years, and then reading the Alliance Party's platform and then reading the Conservative Party's platform. Income splitting has always been something of importance to that particular sector of the political landscape, and the reference to the United States in a lot of these political discussions has been frequent and recurring.

• (1705)

Mr. Bruce Stanton: There was another comment as well about some notion of income.... It is pension splitting, and I know of no such policy the government has proposed around general income splitting, Madam Chair.

The Chair: Thank you, Mr. Stanton.

Professor Lahey, I'd like to thank you. You've given us a lot of information to chew on. You've also given us a parameter to make us focus. Both you and Professor Philipps have opened our eyes to.... We could go all over the map, but the focus has been.... We have been in the forefront. If we're really keen on it, and if we want to see the return on our tax dollars, it is important for us to focus again on the revenue side and the spending side as well.

So I'd like to thank you for giving us this analysis. I have a request for you. You talked about Status of Women Canada, the Department of Finance, and external experts. If you have any names of external experts who could give us some ideas around how this could be better framed, our clerks would appreciate it. Thank you very much.

Prof. Kathleen Lahey: Thank you.

The Chair: We'd like to suspend the meeting for one minute.

• _____ (Pause) _____
•

The Chair: Order, please.

I'd like to bring to the attention of the committee that at the last meeting we discussed that for the court challenges program to be studied we would ask around to see who was available on what dates.

For Tuesday, December 4, we have two Conservatives confirmed, three Liberals confirmed, one NDP confirmed, but no Bloc.

[*Translation*]

Ms. Nicole Demers: I don't know at what time we'll have to leave, Madam Chair.

[*English*]

The Chair: This is for Tuesday, from 11 to 1. The majority told us they'll be here on Tuesday, December 4, for this court challenges program.

This is what we left it at. We said we could only study it if people were available, and if you wanted an extra meeting, we could get an extra meeting. We had asked which members were available. We had requested a list of witnesses, and we have received only one witness, one person.

Oui, madame.

[*Translation*]

Ms. Nicole Demers: Madam Chair, I didn't answer because I don't know at what time we'll have to leave for Geneva on Tuesday. And you have to go with us. So you won't be here either.

The Chair: Thank you, Ms. Demers, I had forgotten.

Ms. Nicole Demers: We come back on December 9 and we will be back in committee on December 10.

Mrs. Sylvie Boucher: Did you want to be present for the discussion of the Court Challenges Program?

[*English*]

The Chair: Sorry, Madame Boucher.

[*Translation*]

Mrs. Sylvie Boucher: Ms. Demers would have liked to be present for the discussions on the Court Challenges Program, since she had requested it. She therefore won't be present on December 4. This item should therefore be postponed until we return from Geneva.

[*English*]

The Chair: So she's not going to be in town, and that's true, and neither am I, but we can always have Ms. Davidson—

• (1710)

Mrs. Patricia Davidson: I won't be here on Tuesday. I have another committee that day.

The Chair: She won't be here either.

That will be one meeting only, and we want two meetings. Tuesday, December 11 will be one meeting.

I need the committee's direction as to whether we leave it till January, when we come back.

Some hon. members: Yes.

[*Translation*]

Mrs. Sylvie Boucher: I have no objection to that, if we want to hear the witnesses. You're leaving. However, I know that Ms. Demers introduced the motion. It would therefore be good for her to be here when the Court Challenges Program is discussed.

[English]

The Chair: Okay.

We also need a list of witnesses. We cannot have a study with one witness.

Ms. Minna.

Hon. Maria Minna: Madam Chair, I understand that we're all busy. I think when we decided that we would add a meeting here or there, we understood that there was always a possibility that not every member around the table would be able to be here, but they would have to have someone else....

There are four on this side and three there, so we all have, with the exception of the NDP, more than one individual here who could always share information with their other colleagues. So while Madam Demers is not here, I imagine that her colleagues certainly could brief her on what we did.

I'm sure if Madam Davidson can't chair, maybe Madam Mathysen—I'm not sure if she's leaving as well for the IPU or not—could chair.

So we wouldn't have to miss. I don't understand. Not every single member that's here today has to be there also. Otherwise, we'll never do any work.

On Tuesday morning, I'm available, and then also on December 11. That would give us two meetings and we'd be done with it.

The Chair: Okay. We can all find our replacements.

Madam Minna, that's a good suggestion.

And could you supply names of witnesses? We said we wanted three for and three against. We need some against the court challenges program as well.

[Translation]

Mrs. Sylvie Boucher: I would have liked Ms. Demers to be present because it was she who requested it.

The Chair: Do you have the names?

[English]

We need the witness.

Mrs. Sylvie Boucher: I know that, but I have a little problem.

[Translation]

Ms. Demers asked that we discuss the Court Challenges Program, but she won't be here next week.

[English]

The Chair: We will do this at the second meeting.

[Translation]

Ms. Nicole Demers: Madam Chair, believe me, we can hold the meeting on Tuesday, December 4. If I'm not here, I will be on an airplane talking to you.

The Chair: Thank you, madam.

Ms. Nicole Demers: We may be here until 1:00 p.m. Madam Chair, I also have names to forward to you for the witness list. We didn't send them this morning because we had to confirm the

availability of certain witnesses that we did not reach last week, but that's done, and you will have those names.

[English]

The Chair: Wonderful. So it's agreed that we will have two meetings, one on December 4 and one on December 11, from 11 a. m. to 1 p.m. We will bring six witnesses for two meetings, or eight witnesses for two meetings, and we can then proceed and get this out of our way.

Agreed?

Some hon. members: Agreed.

The Chair: Send your replacements if you have to.

[Translation]

Mrs. Sylvie Boucher: On December 4, you may not be here, nor will Ms. Davidson. Ms. Mathysen will therefore be Chair.

[English]

The Chair: The clerk informs me that it is important to get the names of the witnesses, but choose the witnesses as well.

How many witnesses have we received so far?

Ms. Clara Morgan (Committee Researcher): We have four from Ms. Neville, and I have a list here.

• (1715)

[Translation]

Ms. Lyne Casavant (Committee Researcher): How many witnesses do you want to submit, Ms. Demers? Two?

Ms. Nicole Demers: Since we can't have any more time for the witnesses, I submitted the Femmes Autochtones du Québec and the CALAC, with the contact information.

[English]

The Chair: Here is what I have—the list—and if you could please listen to it carefully, it looks like there are lawyers, activists, and tax federations. I'm going to read out the list: Sharon McIvor, who is a first nations lawyer, and she's in British Columbia; Shelagh Day, Canadian Feminist Alliance for International Action; Karen Busby, faculty of law, University of Manitoba; Mary Eberts, who is a well-known lawyer and equal rights expert, and she is in Toronto.

For minorities, the list is: the National Anti-Racism Council of Canada; the Native Women's Association of Canada; the Métis National Council of Canada; the Women's Legal Education and Action Fund; the Disabled Women's Network Canada; the National Association of Women and the Law; the Canadian Feminist Alliance For International Action; Canadian Tax Foundation; Kathleen Mahoney from the University of Calgary; and Colleen Shepherd, Faculty of Law, McGill University.

The Clerk of the Committee (Ms. Danielle Bélisle): And the two of Madame Demers.

The Chair: Ms. Neville.

Hon. Anita Neville: There's some overlap there, Madam Chair.

Mary Eberts, whom you read out, in fact, acts for the Native Women's Association. Karen Busby, who is there from the University of Manitoba, has done some interventions with the court challenges program on behalf of LEAF.

Hon. Irwin Cotler (Mount Royal, Lib.): So has Kathleen Mahoney, who is also acting on behalf of LEAF.

The Chair: Okay.

Ms. Davidson.

Mrs. Patricia Davidson: I had another name that I wanted to put forward. It's Beth Atcheson. She's the former chair of LEAF. I can give the clerk her coordinates.

The Chair: She's the former chair of LEAF. There are two other LEAF people as well.

Hon. Anita Neville: They have different perspectives.

The Chair: Okay. Perspectives are good. We need perspectives.

Hon. Maria Minna: That seems like a good list. So why don't we start with that?

The Chair: Yes, it is a good list, and what we could do is have two meetings and you can—

Hon. Anita Neville: We may not all be available.

The Chair: No? Okay.

We will let the clerk look after this.

The Clerk: We get who we can on December 4, and then we can all deal with this.

The Chair: If you have more names, and if they are not duplicates, since we have the list...

Is there anything we need to discuss further? No.

The meeting is adjourned.

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