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Chair

Ms. Yasmin Ratansi

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● (0905)

[*English*]

The Chair (Ms. Yasmin Ratansi (Don Valley East, Lib.)): Committee members, we have before us today Dr. Claire Young, who is the senior associate dean and professor, Faculty of Law, University of British Columbia; and by video conference, we have Dr. David Good, professor at the School of Public Administration, University of Victoria.

Welcome to you both. I am sure you have had a lot of time to review the budget as well, and if you want to make any comments on that, or if the questions come around to it and you are in a position to answer, we would appreciate it.

Both of you have a presentation, I presume, of 10 minutes each? Shall we start with Dr. Good?

Would you be happy to go first, Dr. Good?

Dr. David Good (Professor, School of Public Administration, University of Victoria): Yes, I would be very pleased to go first.

Can you hear me?

The Chair: Yes, we can hear you. Thank you.

Dr. David Good: Thank you very much for the opportunity to appear before the parliamentary committee on the status of women.

While I'm a professor here at the University of Victoria, I should note that I did spend 30 years in Ottawa working in the federal government. I was assistant deputy minister in a number of departments, including HRDC. I worked in the Privy Council Office. I was assistant deputy minister in Fisheries and Oceans, and I've also worked in the Treasury Board.

In those jobs I did have opportunities to be engaged quite intimately in the development of budgets, both as a big spender in HRDC and as a fiscal guardian in the Treasury Board. So I'm particularly happy to be here this morning, and I will limit my comments to under 10 minutes in order to provide time for questions.

I understand that the committee will be calling witnesses from the central agencies, particularly Treasury Board, Finance, and the Privy Council Office, in the future to examine this relationship between the question of gender-based analysis and budgeting, which I think is an important topic.

I think we should remind ourselves at the beginning about the fundamental nature of the budgetary process and how one can increasingly ensure that other inputs and other aspects affect the budgets.

Let's remember that the budget is fundamentally an analytical process as well as very much a political process. We have certainly seen that in the budget that came down a couple of days ago as well as in all budget processes.

Let's also remember that when we look at budgets we really want to look at both the expenditure side and the tax side. Both of those sides do have major implications and ramifications with respect to gender. They have differential impacts, depending upon what those measures might be, on the expenditure side and on the tax side—differential impacts in terms of impacts on men and women in various policies.

One way to think about the budgetary process and one way to think about gender-based analysis and how it fits into the process is that in any budget there are, of course, many actors. So one must think not just in terms of who the guardians are, primarily the Department of Finance and the Treasury Board, but also think in terms of the spending and advocate departments and how gender-based analysis and implications can focus on them.

As well, there are of course the priority setters, and they are having increased influence on the budget. These are basically those individuals who reside in and around the Prime Minister's Office and the Privy Council Office who are impacting at the front end of the budget process and affecting very much what those priorities may well be. So that becomes very important.

Another point just to observe is that as much as we would like to think that budgeting is totally comprehensive and that each year in the budget governments look at and examine the whole base of the budgets, the reality is that budgeting is fundamentally incremental.

If we look at the budget from two days ago, we see that while the government is spending $244 billion, the amount of new allocations in one year is only about $1.5 billion, and that's really where all the focus and all the attention is directed. So in the fundamental question of looking at broader expenditure policies, or for that matter, all of public policy, the tendency is oftentimes just to look at the increment. We need to examine the fundamental base as well. That's a huge and very difficult challenge, and I can come to that again.

The last point—and I think it's good news for gender-based analysis—is the fundamental fact that budgets are attempting to become more performance oriented. We are trying to look at the performance of budgets, what results we get from them, and what the impacts are that become part of it.

I think this is where gender-based analysis can fit in, because we know that budgets can differentially impact on different genders, male or female, and on different groups within those gender classifications. As we begin to look at budgeting more in terms of performance, in terms of what outcomes and outputs and results we achieve from those, we can begin to look at the various policy analysis that's required.

My line on this whole area of gender-based analysis and linking it to budgeting is that we need to see gender-based analysis as a fundamental part of this policy analysis. Really, the whole idea is to do your homework in advance of actually announcing and in advance of actually deciding on what these new expenditure or tax initiatives might be, and to ensure that this is not done in isolation but that it becomes a fundamental part of what one looks at in terms of public policy.

● (0910)

Any public policy analyst in the government working on budgets or on policy issues will be looking at many factors that go into a final decision with respect to a budget initiative, be it on a question like income splitting, changes in EI, changes in health care policy, changes in various initiatives in transportation, or whatever. The impacts will be multiple, and there will be a great number of them. The impact it will have on various genders will only be one of many factors, all of which need to be weighed and analyzed, and hopefully all of which will lead to better-informed decision-making.

My own sense, from reading the reports and from my research, into where things are in Ottawa.... Let's remember that gender-based analysis was basically put in place about 10 years ago in a formalized way within the Government of Canada. The general view, from my perspective, is that we probably have enough rules and enough procedures around this activity. I think what we need now are more incentives.

My own sense is that gender-based analysis needs to be viewed as an initiative to facilitate productive and informed interaction among key players, whether in the policy-making process, the legislative process, a regulatory process, or in this case in a budgetary process. I don't think this is something that can be undertaken simply by a special unit within various organizations, be it in the Treasury Board, the Privy Council Office, or line departments.

Nor do I think we should be spending excessive amounts of time trying endless coordination exercises across government to co-ordinate these various units. I don't think the emphasis in gender-based analysis should be to ask for more coordination and action plans, and I don't think we should be focusing as much on how we monitor to see whether this is being done.

There is a fair amount of work, from what I gather, with the current requirement within the Treasury Board that any Treasury Board submission requires that a gender-based analysis be undertaken, and that of course it also be required in general ways in the submissions related to MCs.

I think what you want to avoid in the long run is the check-off list, the view that after the decision has been taken we can check off the list to see whether there was in fact a gender-based analysis. What you really want to do is to ensure that it's integrated into the decision-making process and becomes a part, along with many other factors, that weigh into decisions.

If I have one word of caution, it is not to make gender-based analysis so special and so precious that it becomes fundamentally isolated within government. It needs to be integrated within things.

This brings me to two final comments that I simply want to make.

To do this, leadership is absolutely critical if one wants to integrate this kind of analysis, work, and sensitivity within the policy and decision-making processes of government. It requires leadership at the highest political levels, and certainly the leadership by the Prime Minister becomes fundamental. Whom he or she chooses as his minister for the status of women, for example, makes a fundamental difference, and how that minister for the status of women actually operates, and whether he or she is generally perceived as a strong minister—and oftentimes they are not the most senior ministers within the government, although they are very skilled people.

It makes a difference, when issues go before a cabinet committee or to cabinet, if the minister for the status of women or some other minister asks the fundamental question whether there has been a gender-based analysis done of this policy issue. When those sorts of things happen, people listen. Senior public servants listen, and other ministers listen. Certainly when a minister is supported by the Prime Minister—not just through a mandate letter to have this undertaken, but supported verbally and supported up and down in their profession and in their work to ensure that these things are undertaken—that can make a difference.

I think it also makes a difference when, as in the case of the previous minister, the Minister of Finance makes a public undertaking to undertake gender-based analysis.

What I'm getting at is that leadership is important; it's not just what the manuals say and not just what the documents say.

Leadership, of course, is also important at the public service level, and that requires strong working relationships among the deputy ministers, the assistant deputy ministers, and the central agencies to ensure that this gets its proper place within things.

Lastly, there has to be a demand for things. I think the tendency in so much of this is to work so much on the supply of it as to forget about the demand.

● (0915)

Kevin Lynch, the Clerk of the Privy Council and Secretary to the Cabinet, gave a very interesting speech the other day. He talked about the fact that there might not be enough emphasis now on the demand side for public policy coming from the public service, recognizing that it comes from many, many sources. So working on the demand for good analysis, any strong minister, any strong department, clearly wants to know the ramifications of what they're doing, be it a tax policy...[*Technical difficulty—Editor*]

Let me just conclude, Madam Chairman, with a couple of comments at the conceptual level.

I think the words matter. A former Prime Minister once said, “The words make a difference,” and I think we need to get the concepts right when it comes to gender-based analysis.

First of all, we've been using words, as I read them, called “gender budgets” and “gender budgeting”. I think we should be careful with the use of those words.

If we look at the budget from the other day, I wouldn't consider that to be a gender budget. I wouldn't consider it to be gender budgeting. There are many other factors that go into budgets. To call a budget a gender budget, I think, is a bit of misnomer as to what is in it, because there are many other factors. And it can also be from the point of view of the fiscal guardians in the system who are looking at many other factors: interest rates, investment, impact on aboriginal peoples, impact on homelessness, what it's doing for climate change, what's happening with our northern expenditures, what implications this has for national unity, what implications this has for big cities, small cities, rural municipalities, etc. There are many, many factors, and to simply call it a gender budget or gender budgeting, I think we should be careful with that.

I will also simply note that I see that the term “gender auditing” has now crept into the nomenclature. I think that's quite an interesting topic, and I'll just leave it at that.

With the more recent terminology that I've seen, called “gender-based budgets” and “gender-responsive budgets”, once again I think we should be careful. To say that a budget is gender based is a factor and it's one of the inputs into the budget, but I think it's a far cry to say that all budgets ought to be necessarily gender based. There are many other factors that will enter into the budget.

What I would like to see is a gender-informed budget, a budget that is informed by analysis, informed by priorities, informed by dialogue, informed by thought, and informed by debate, so that the gender implications of what is being done are looked at, analyzed, thought about, and brought to bear in the budget.

So I just raise that in terms of the kind of terminology being important in the way we think about our budgets and this important matter of gender in society.

Let me stop there, Madam Chairman. I don't want to take up any more of the time, because I know questions are important to the committee.

The Chair: Thank you very much. You have created a lot of questions by your final comments.

We'll now hear from Dr. Young.

Dr. Young, I understand that you have received copies of the GBA analysis that Finance had done.

Professor Claire Young (Senior Associate Dean and Professor, Falculty of Law, University of British Columbia): Yes, I have.

The Chair: Like Dr. Good, can you give a little background on yourself?

Prof. Claire Young: I am a tax law academic. I have worked for governments in the past, consulting with the Department of Finance and, more recently, with governments in Singapore, the U.K., Hong Kong, Australia, and New Zealand, and so on, about the issue—to put it bluntly—of taking women seriously in tax policy.

My position and my comments today are probably a bit more specific than Dr. Good's, as they are simply coming from the tax law perspective, but I promise to make them easy.

As I mentioned, I'm delighted to be here and I'm particularly thrilled that Canada has taken this step to apply a gender analysis to budget measures, as have many other countries. For reasons that will become apparent, I believe such an analysis is key to ensuring that women are not discriminated against in comparison with men in our tax system.

As I mentioned, my starting point is tax law and policy. I'm a tax lawyer, an academic who focuses on tax policy, and my comments today will be about the tax system.

As mentioned, I was given copies of the 2006 and 2007 gender-based budget analyses. Both of these documents go a long way toward recognizing the socio-economic realities of women's lives and how tax measures, especially what we call tax expenditures—and I'll return to that point in a minute—may affect women differently because of those socio-economic realities.

So as the analysis acknowledges, women tend to earn less than men and have considerably less wealth than men. We know, for example, that more women than men are the primary caregivers of children. We know also that single, elderly women over 65 are far more likely to live in poverty than elderly men. We also know, of course, that women are not a monolithic group; for example, aboriginal women and women with disabilities all have incomes well below those of other women.

So why is the tax system so relevant? Well, it's important that we view it not simply as a revenue-raising instrument; in fact, we use the tax system to deliver all manner of subsidies to Canadians.

Let me just give an example to make my point about how we use our tax system as a spending program. I am not talking about collecting tax revenue and then reallocating it to various programs. What I am talking about is how tax breaks that result in forgone revenue by the government are simply taking the place of direct spending programs. For example, in 2007 we spent $780 million on the child care expense deduction, a tax deduction designed to help families with children whose parents work outside the home and need child care for their children.

To put it another way, Canadians paid $780 million dollars less in taxes than they would otherwise have paid, because they were given a tax deduction. That figure represents the tax revenue forgone by the federal government. The tax system in this instance is simply being used to deliver a subsidy intended to partially defray the cost of child care.

Now, the government could have taken that $780 million and built more child care facilities; it could have subsidized existing child care facilities; it could have given every Canadian with a child a subsidy, a direct grant to help cover some of the costs. But the decision was made to deliver the subsidy through the tax system.

I'm not saying the government should have taken any of these steps in particular; those decisions are yours to make as politicians. But when you look at tax breaks such as the child care expense deduction, the first question should be, is the tax system the best tool we have to accomplish this particular policy?

That's the background to my main point, namely, that we have relied over the years more and more on the tax system to deliver sophisticated social and economic programs; and I believe that the gender analysis currently being applied to new budgetary measures also needs to be applied to our current tax rules. That's my basic point. You need to look, as Dr. Good said, at the whole package. It is simply not enough to look at new measures; the current measures, those in existence right now, must also be subject to the same scrutiny.

If you look at the current tax rules through the lens of gender, then all kinds of questions are raised. Let me just give you a couple of simple examples, and the point here is just to let you think a little bit about where it would lead you if you applied a gender-based analysis to some of these rules.

● (0920)

Take, for example, registered retirement savings plans, what we call RRSPs. These were everybody's favourite savings plan until the current budget. Basically the government is saying we want to help people save for their retirement, so we're going to do that by subsidizing that saving. In fact, the tax expenditure for RRSPs is one of the largest annual personal tax expenditures, with a projection of the value of the tax break being over $16 billion for 2008.

Perhaps more importantly, the RRSP was actually designed with women in mind. The idea was that because fewer women than men had access to workplace pension plans, the RRSP would allow them to build up their own personal pensions. That's a laudable policy, but when you look at the RRSP from the perspective of women, women are clearly not getting their fair share of that $16 billion tax break, that expenditure. One problem is, of course, that because women earn less than men, they have less discretionary income to contribute, and we see this when we look at the statistics.

Another issue is that the tax break for contributing to an RRSP is a tax deduction, and a tax deduction is worth more to those with high incomes, those who pay tax at a high tax rate. To give a simple example, if you and I each contribute $10,000 to an RRSP, and I have a low income and pay tax at an average rate of 10%, while you have a higher income and pay tax at an average rate of 40%, I save $1,000 in taxes that I would otherwise have paid, but you save $4,000 in taxes you would otherwise have paid. Put another way, we both make the same contribution, but as the person with the higher income, you get four times the subsidy that I do. Frankly, you actually may need it less, because you have the higher income.

I won't go into all the statistics, but when you look at the tax statistics, you can see that while more women than ever are actually contributing to RRSPs, they're getting significantly less of that $16 billion subsidy than men, in part because they have lower incomes.

Let me give you one more example that I think raises some questions about the fairness of the current tax rule when you look at it from a gender perspective. I'm talking here about what's called the spouse or common-law partner tax credit.

Taxpayers who support a spouse are entitled to a tax credit of just over $1,000 a year, although that credit is reduced once the spouse's income exceeds approximately $700, and eventually it's phased out as the spouse's income increases further. Far more men than women claim the credit, and they tend to be men with high incomes who are supporting their spouses.

When one looks at the measure from the perspective of the spouse—usually the woman—several issues arise.

First, the measure is clearly designed to promote economic dependency in the relationship, and this has led women's groups and others to argue for its repeal, given the adverse impact on women's autonomy. There is a tax cost—that is, the loss of that $1,000 credit—associated with working outside the home, and that is a real disincentive to women who may wish to work in the paid labour force. I can comment on this in the context of income-splitting later on if there are any questions about that.

Second, while the measure is justified on the basis that the ability of the taxpayer—generally the man—to pay is reduced because he has to support his spouse and thus should be entitled to some relief, others would argue that in fact he's better off, because the spouse is providing work for free in the home in the form of child care or other household chores, and it would cost the taxpayer considerably more than $1,000 to replace that household labour.

Finally, some would argue that if we are to have such a subsidy, surely it should not go to the economically dominant person in the relationship, but rather to the woman who has no other income.

● (0925)

As long ago as 1970, the Royal Commission on the Status of Women in Canada, the Bird commission, recommended the repeal of this provision. Similar provisions have been repealed in most countries now, including the U.K., where revenue resulting from the repeal of the credit was used to fund a new children's tax credit.

My final comment relates to the current documents that I took a look at. One of the points often made in the gender budget analysis of 2006-07 is that while women may not benefit as much from certain tax proposals in tax dollars saved, they may benefit slightly more if you look at the issue as one of percentage of tax paid.

So, for example, when you look at those documents, changes to the child tax credit mean that women actually save less than men in terms of taxes payable—so they're not getting as much of the subsidy—but if you look at it from the perspective of percentage of tax paid, both men and women are in roughly the same position.

I suggest to you that the raw dollar figure is a much more important measure of fairness than the percentage of tax paid. And the reason is this: the measures we're looking at may be embedded in tax legislation, but they are actually social programs, and the tax system is simply the mechanism of delivery. We need to think of them as social or economic programs—the child tax benefit, the child care expense deduction, the GST tax credit, and I could go on. We need to think of them as social or economic programs, and when that's the focus, then how much one receives as the benefit is what really matters.

To evaluate a benefit by reference to a percentage of tax paid is somewhat incongruous. What really matters to the recipient is how much they save in terms of actual taxes they would otherwise have had to pay. And as we see from the 2006 and 2007 gender analyses, women are getting significantly less of a large number of these tax subsidies.

To conclude, my main message to this committee is that the gender analysis currently under way is a terrific start, but I believe it's incredibly important that the analysis be extended and applied to the current tax rules as well as to new budget measures.

Thank you.

● (0930)

The Chair: Thank you very much.

I'm sure the committee members have a lot of questions.

We'll start off with Ms. Minna for seven minutes. Go ahead.

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

And thank you to both of our experts this morning. I'm pleased to hear that Mr. Good has a lot of experience at all levels of government. That certainly helps us to ask some questions, and also to Ms. Young.

Dr. Good, you said we need to look at the naming, at what we call the budget—names such as "gender-based"—and that we need to look at other ways, maybe "gender-responsive". And you mentioned that there has been a gender-based analysis applied to the most recent budgets. You also mentioned that it needs champions.

Where is the real power lever to make sure that a real gender-based analysis—and I'll come to what I mean by that in just a second—is actually being done, and not superficially being done in a sort of okay manner?

To be honest with you, the ones that were done on the previous couple of budgets were not real. Either they were not done properly, or the political decision was made that it didn't matter, that they intended to go forward to favour men anyway. Do you know what I'm saying?

So at what point is that fundamental decision made as to whether a proper gender-based analysis is being done, and who has the power to make sure it is being done? I guess you have said the Prime Minister has, but what would be the structure?

Dr. David Good: That's a very good question.

If we're going to look at gender-based analysis just as a piece of paper we look at after a decision has been taken—and I've looked at the gender-based analyses of both the 2007 and 2006 budgets—I don't think that's going to be good enough. The comments Dr. Young has made are very important with respect to tax policy. Let's focus on this for a moment, because in some respects it's really the most difficult.

My observation is that to really have good gender-based analysis, you need both of what I would call the spenders and the guardians there together—in other words, you need the tax policy analysts in the Department of Finance and you need the program people in the line department—in some kind of process that's going to examine what the ramifications and what the options are. For a number of the tax policy initiatives—and we have a large number of tax expenditures in the social area and across all other areas—the tendency has not been, in the past, to have a great deal of interaction between the departments and tax policy. It tends to be created largely in the Department of Finance, for a whole set of very significant and important reasons.

If there is one reform we need to take, it is to open up the process in a more fundamental way, so that one can examine what the options are when one wants to undertake a particular initiative and see whether or not there are better ways of doing it: direct expenditure options; the use of credits as opposed to deductions, because then we can avoid some of the upside-down subsidy implications; the use of refundable tax credits, which allow people to receive things who are normally not part of the tax system, whether they be rich or poor, male or female. There is whole set of other options. Direct expenditures can be used quite effectively with regard to that.

I think there's no doubt really, when it comes to tax policy, where the power resides. It resides with the Minister of Finance; our system operates that way. But if there's one thing we need to do in tax policy, it is to ventilate the process and to engage much more in that decision-making process. It tends to be extraordinarily technical, it tends to be left to the experts, and it tends to be dominated in particular by the Department of Finance for a whole set of institutional and important reasons.

If there is one thing that's needed, it is a greater examination of these things by the relevant departments.

For example, examination by HRDC with regard to a whole set of issues involving retirement becomes very important. And on the health issues—we use tax expenditures a great deal in that area—much better interaction across that ministry with the Department of Finance becomes very important in the process. And the ways and means by which we can do this when beginning to look at new budgets and the new initiatives that are undertaken become very important.

As to the broader question of how we do this, with the base of existing tax expenditures or with the base of existing expenditures, that becomes quite another matter. We can discuss that perhaps later in the meeting.

● (0935)

Hon. Maria Minna: Just by way of comment, the reason I asked that question is that I know where the power resides, having been in cabinet and having been on the Hill awhile. It is with Finance. Quite often Finance tends to foster and train people and place juniors and others from the finance department into all kinds of other departments, and they tend to control a lot of stuff through their little tentacles. I know that's where it is, and I just wanted to get that sense.

I want to go to Dr. Young for a moment.

One of the things we're grappling with here, Dr. Young, is this. We've been talking about gender analysis—and actually Dr. Good got to the point of it, that it's been done after the fact. And yet in the last two budgets we have $1,200 going to families—it's supposed to be universal child care—which of course we know is not benefiting the majority of women. The work income supplement is structured in such a strange way that some low-income women don't get it. We know where income splitting for seniors has been sitting: it's primarily with the well-off seniors. Now, in the last budget, we have a $5,000 tax-free saving, which again is going to benefit those who have money to put away.

It seems that irrespective of what is being said.... Tell me if I'm wrong here. Is my mind reading this totally wrong, that despite what is being said now about analyzing, the analysis is not being done prior and therefore is not affecting policy?

Prof. Claire Young: I agree with you. I'll just make a couple of points here.

I completely agree with Dr. Good about the power of Finance, and with the honourable member.

There's a second point, which is that people quite mistakenly believe that tax law is highly complex. It's actually not. You should take my basic tax course; it's a lot of fun. There is this myth that essentially tax law is so complex and difficult that it has to be handled by Finance. My response is that the $5,000 new savings plan that you mention has actually nothing to do with tax law; it has to do with a decision to permit people to save money tax-free. Essentially, another way of doing it would have been to cut a cheque to various people you wanted to benefit and to say, here's the subsidy, but it's actually delivered through the tax system.

To your point about its happening after the fact, there is no question that this is the way it's done. I don't believe that Finance took gender into account in the budget in any particular way—the current budget or previous budgets—because there's no evidence of it. They have now been called to account, to a certain degree, but as you say, it is after the fact.

But I've been doing this for a long time, and just doing the analysis is a real step forward, because it never used to be done. Now you as politicians and others can say, excuse me, the new savings plan actually is not fair because, as you mentioned, you need to have disposable income to save in order to benefit from it.

So we now know who wins and who loses. Ten or fifteen years ago we weren't talking about that, and at least we're talking about it.

● (0940)

The Chair: Thank you.

We'll go to Madame Demers.

Vous aurez sept minutes, s'il vous plaît.

[*Translation*]

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

Dr. Good and Dr. Young, thank you very much for being here with us today. For people who have never worked in finance or taxation, what you tell us is both very interesting and very confusing. Today, you have provided information that has nothing to do with finance but a great deal to do with common sense. I think your information will be very useful to us.

Dr. Young, you say you studied the taxation systems of a number of countries, and the measures those countries take to ensure that women and other groups receive their fair share of tax dollars. In your view, what country has implemented the best measures to benefit those groups? Have those measures had any effects? Is so, would they be applicable to Canada?

[*English*]

Prof. Claire Young: Gosh, that's a tough question, and I'll tell you why.

The countries that do best are the countries that try to take social spending or social programs out of the tax system. Our tax system is replete, as I say, with spending measures. The countries that spring to mind to me are Scandinavian countries in particular and some of the other European Community countries. To a certain extent, the U.S. does not deliver social programs through the tax system, but it doesn't, of course, have as many social programs as we have. I think you'd look more to Scandinavia as the first thing.

The issue is that you have an identified policy, and then the second step is to ask what the best way is to accomplish that policy. My point is that when you embed it in the tax system, what happens is that all the constraints within that system can result in an adverse impact. It's primarily because the tax system itself is based upon levels of income, and to the extent that women tend to earn less than men, using a vehicle such as a tax deduction is a problem.

Dr. Good mentioned that if you use the tax system, going to refundable tax credits or just tax credits is a step in the right direction. But I believe that, for example, if you wish to reduce the levels of poverty experienced by single, elderly women over 65, perhaps the tax system isn't the right tool to use.

[*Translation*]

Ms. Nicole Demers: Thank you.

Dr. Good, you said that one current problem is that gender-specific analysis is carried out by small, isolated units in departments, while it would be preferable to have a structure making it possible to do those analyses in a more comprehensive manner. The analyses must also be done in advance, and must be well thought out. Then they have to be put forward and distributed to the various departments.

How do you envisage that kind of structure?

[*English*]

Dr. David Good: I think the form it would take is the building and rebuilding and strengthening of our policy analysis capacities within departments. And this is primarily handled in the strategic policy units and in the policy analysis components of departments. To a certain extent, this function was eroded about 10 years ago when the government, of course, in a fiscal crisis, had to undertake an enormous amount of reduction across all of government. But it has been rebuilding, and I think it's rebuilding quite well. But what I do think it needs is a better balance of individuals and a better balance of capacities within it.

It was mentioned earlier that Department of Finance officials will sometimes move from Finance into departments. And I think this is very important. My own experience, when that happens, is that quite often the expertise that can come into line departments from even tax policy people, from policy analysts, and from others from the central agencies can be extremely useful in helping position that analysis and position the work of setting out the priorities. So the interactions—and this is my point—between the line departments, whether Human Resources and Social Development, Canadian Heritage, or Health Canada and so on, and the Privy Council Office and the Department of Finance can be done at a sophisticated and high level so that the analysis and the facts can make a difference.

It's through the interaction across the issues that things get resolved, in my view. It allows for the spending perspective, the program delivery perspective. It allows the people who are closest to the client and who are most sensitive to those sorts of issues to deal with those in the Department of Finance and other central agencies who might be a little less sensitive to these issues, largely because they're focused on issues of broader concern and on different kinds of concerns.

I think the interaction within government becomes very important. What I'm arguing against is the splendid isolation of these units, either within a ministry or across ministries and departments. They need to be integrated into the policy analysis capacity so one can examine all the ramifications.

I have one final word. If there is one thing that has some political resonance, I think it is the question of gender. Gender has implications as to kinds of individuals and where these individuals are, where they vote. So there should be a demand for this kind of analysis to know the ramifications and how this will affect men and women. How will it affect older women, younger women, single women, poor women, soccer moms in 905, women in remote communities, farming women, and this sort of thing?

There's a natural incentive here, I think, that can be used and should be exploited. Just to repeat, I think it's through the interactions between central agencies and ministries that this becomes important, and not in isolation where these units are set.

● (0945)

[*Translation*]

The Chair: Thank you, Ms. Demers. Your time is up.

[*English*]

We now go to Madame Boucher. *Sept minutes, s'il vous plaît.*

I understand that you are probably going to be splitting your time.

[*Translation*]

Mrs. Sylvie Boucher (Beauport—Limoilou, CPC): Thank you for being here today. Your comments have been very useful.

We have always been told that the Department of Finance was "the" essential structure. Yet you tell us this is not quite so. You said that we should not be looking only at changes to the tax system. How can we incorporate gender-specific analysis in all departments so that everything is automatically looked at through a gender lens? If gender-specific budgeting involves mote than the taxation system, what other departments should be involved?

Ms. Young, that question is for you.

[*English*]

Prof. Claire Young: This is actually more Dr. Good's bailiwick, but I'll put it to you that if you are, for example, determining that you wish to help defray the costs to women with children of child care, surely Finance shouldn't be the department that designs the program, so to speak. I think that's the problem. Presumably there are other departments in the federal government—and I'm not familiar with them all, obviously—that deal with the programs themselves.

It seems to me, as Dr. Good has said, that there's a kind of gap whereby a decision may be made that we wish to deliver more funds to women with children for a variety of reasons, but then when it's done through the tax system, it is as I mentioned really constrained by that. Surely there are other government departments with officials who have expertise in child care, expertise in the experience of women with children, families with children, and so on.

● (0950)

Dr. David Good: Let me make another observation on the same question. The issue isn't just one for governments; the issue is one for all of society. It's for think tanks, it's for universities, it's for advocates of fields, it's for political parties.

When a political party does an analysis, if they do an analysis, and indicates that what they'd like to see happen is interest deductibility on mortgages, which happened in 1979, or more recently that we should now have a deductibility program with respect to child care, which is really a tax cut, the question one raises is how much analysis went into that statement, which then becomes the party platform of the individual party.

It's very difficult for a public service. Their job is to speak truth to power and to argue that there will be a better way. But when these issues become flagged as the campaign commitment of the political party, it becomes very difficult to argue that there are other ways of doing it that may be better. Public servants will do that, and I've seen it done, but in the end most political parties—not so much years ago, but particularly today—want to live up to their campaign commitments.

What I'm arguing for is not just analysis within government; it's also that analysis within political parties, and among others who shape the party platforms of candidates and things of that nature, become extremely important, so that we can elevate the level of the policy debate. As Dr. Young has said, we can then be examining whether or not direct expenditures in a number of these areas might be much better than what we call backdoor spending, which has upside-down subsidy impacts, and which doesn't reach people, and which has differential implications because of the way it's run through the taxes. These debates and this analysis need to take place not just within government but within political parties and other influencers of public policy and directions.

The Chair: Mr. Stanton.

Mr. Bruce Stanton (Simcoe North, CPC): Thank you, Madam Chair. Good morning to both of our presenters. These were excellent presentations.

I have one question quickly for Professor Good. How long has it been, Professor Good, since you left public service? How many years ago did you go to the University in Victoria?

Dr. David Good: I came to Victoria to this hardship post, leaving the senior public service, seven years ago. Since that time I've had the wonderful opportunity to reflect on some of these issues and have done a number of books, including most recently one called *The Politics of Public Money*, which the University of Toronto Press has just published. If you will grant me, I can even show it to you here. I know this probably shouldn't be done, certainly in the House of Commons, but I hope you'll allow me to do it here.

Mr. Bruce Stanton: I appreciate it. I look forward to getting a copy.

I don't have too much time, Professor Good, but I wonder if you could comment. There has been some discussion about the notion of gender-based analysis achieving equality of outcomes as opposed to equality of access or opportunity. When one sets out—and I know this is big picture or grand scale—could you comment on the key objectives of what GBA should be? What is it really striving to achieve?

Dr. David Good: Certainly in the end we're all looking at equality of outcome and equality of result, but to get there we have to look at equality of opportunity. What gender-based analysis is really fundamentally doing is elevating the level of informed debate about these issues. I think it needs to be done publicly and privately. I think it needs to be done within society, within government, and across organizations. It's through the interaction across these things that we'll have better informed debates on these issues than we will if we do it just internally and quietly. We can then begin to look at the ramifications of these issues and have those debates.

As much as governments would like to do it, I think they find it very hard to get outcomes. There are many other factors that affect whether or not Johnny reads than whether we have good education public policy. There are many other factors; the loops are much greater. So we need much broader participation and much greater engagement in these issues than just what governments themselves can do.

The Chair: Thank you, Mr. Stanton. You'll get another round.

Mr. Bruce Stanton: Thank you. Madam Chair.

The Chair: Ms. Mathyssen, for seven minutes.

Mrs. Irene Mathyssen (London—Fanshawe, NDP): Thank you, Madam Chair.

Thank you. You have provided a great deal of light. You've shed light on a rather complicated study undertaken by this committee.

One of the biggest problems with GBA is the lack of accountability and transparency. What measures would you recommend Treasury Board and Finance put in place to ensure the highest level of transparency and accountability of GBA in the budgetary process?

I'd love to hear from both of you.

● (0955)

Prof. Claire Young: Okay, I'd be happy to go first.

I think the key is the word “transparency”. Dr. Good referred earlier to undertaking this prior to policies being implemented, making it part of the development of policies, making it as natural an analysis as would occur with any program you're talking about, any social or economic program.

The differential impact on women and men needs to be focused on, and the material is there to do that. We certainly have excellent statistical material telling us all kinds of things about the socio-economic status of women. You can basically use that. You take your proposed measures, and do so at all levels, as Dr. Good said. The measures may emerge from a discussion in a think tank, or from a discussion within a political party at a conference, or whatever. But applying that gender analysis at that stage is absolutely key.

Dr. David Good: I guess I would respond in this way: I would be very careful—and I don't hear people doing this—about asking for more action plans and more audits of whether gender-based analysis has been done and more reports telling us after that fact that you've done a gender-based analysis, and putting that into a report and sending it somewhere. In some reports, I've even seen recommendations that the analysis be sent to parliamentarians. Well, parliamentarians already get a thousand reports a year. I don't know whether you read all of them; I doubt you do. All I can say is that if I had 1,000 term papers every year, I would have a lot of difficulty doing a very good job grading those term papers. So I think we need to be very careful that we don't unleash a bureaucratic approach to this.

I think the initiatives that have been taken are good ones. The requirement that Treasury Board submissions—which are really interactions between a spending department and Treasury Board for getting new money for something, usually of a small amount—have a gender-based analysis is important. It becomes embedded in the normal decision-making process. I think we need to find new ways of doing that, particularly around the tax areas, which tend to be done almost exclusively in the Department of Finance, as I've indicated. I would strengthen some of the tax capacity of some policy units across government, so there'd be better interaction, and hence better gender analysis across these issues as they are being done.

I'd be very careful about the checklist approach to gender-based analysis, in other words saying, aha, show me your analysis and we will check it off as if you've done it. That's not the objective. Gender-based analysis is a tool to a broader end, not an end in itself.

Mrs. Irene Mathyssen: It's interesting talking about tax law, because I know that section 63 of the Income Tax Act has been the subject of much debate. I'm thinking of the case of Symes v. Canada, wherein Ms. Symes wanted to claim her child care as a business expense, but lost in that regard. From that, it's very clear that the Income Tax Act affects women much differently than it does men.

We've heard today a very clear statement that gender-based analysis needs to be conducted specifically on the Income Tax Act, a point that has been around for a while. We've heard that for a while, but what's stopping it? Why hasn't this step been taken?

Prof. Claire Young: I think it is being taken, but not in as comprehensive a manner as we'd wish.

You mentioned the Symes case, and I have to confess that I was actually involved in that case. I think it's a really good example of how a gender-based approach to something gives you a completely different view of the result.

As you mentioned, Beth Symes was arguing that her child care expenses were a business expense because she couldn't practise law without having her children taken care of. It's interesting, you want a really good gender-based analysis at the Supreme Court of Canada. The only two women judges both found for Beth Symes; the male judges did not. That's quite extraordinary, because both the women judges, Claire L'Heureux-Dubé, who is no longer on the bench, and Beverley McLachlin, now the Chief Justice, would agree that politically they are in very different camps. And I think both of them would say that. Frankly it was the first time I've seen them agree on anything in a decision. But they both had experience as women—single mothers for a certain period of time—and they brought it to bear. When you read the judgment you can see that.

They were judges at the Supreme Court of Canada bringing to bear their analysis, and I think it means that we all have to do that. Everybody involved in the process, at every stage, has something to contribute.

Particularly from the perspective of gender, for example, I think we know that single, elderly women are the poorest in Canada. We have to ask how we redress that. Obviously it's a huge problem. But then you work your way to the tax system, you draw the links, and you say that one of the ways we're trying to redress it is to help women save for their retirement. That's laudable too, but it isn't working, so then you go back and again connect the dots and so on.

That's a brief response.

● (1000)

The Chair: Ms. Mathyssen, do you want Dr. Good to respond?

Mrs. Irene Mathyssen: Is there time?

The Chair: You have 30 seconds.

Dr. Good, would you like to respond?

Dr. David Good: I don't think I have anything further to add on that question.

Mrs. Irene Mathyssen: Thank you.

The Chair: Go ahead. You have 30 seconds.

Mrs. Irene Mathyssen: People have a tendency to think of this whole process of putting a budget together as mysterious, a matter of staring into entrails and tea leaves. One of the things I discovered was that budgeting can be very practical and not a complex matter. We look at what we need and proceed from there.

This week the committee passed a motion—

The Chair: Wrap up.

Mrs. Irene Mathyssen: —that the status of women committee have pre-budget oversight and talk to experts about what we need to make sure gender has been applied to a budget and that there's fairness. Is this something you would see as a positive?

Prof. Claire Young: Absolutely, there's no question. Again, it is enlarging the consultative process and enabling a focus on gender to take place at an earlier stage, which is key to it all. And not to keep knocking Finance, but really, when you're talking about sophisticated and important social programs, you need as much input from those with knowledge about those issues as you do from the financial experts.

The Chair: Thank you.

We'll go to the second round of five minutes.

Sorry, Dr. Good. Did you want to say something?

Dr. David Good: Let me make a short comment on that question. Most budgets in a parliamentary system are not examined very much by the legislature. Certainly in a congressional /presidential system the President of the United States proposes a budget and Congress and the Senate decide. In a parliamentary system the Minister of Finance announces the budget and the legislature approves the budget, and we have interesting cases in minority government as we are seeing today. But the real interactions take place in the pre-budget stage, and they happen between ministers and the Minister of Finance surrounded by a series of interest groups and strong views from the outside.

One of the more significant committees is the finance committee, because they, unlike the supply committees and the committees that look at estimates after they've been decided, can shape and influence the budget. So I would encourage committees to begin to use those things to ensure that not only is the finance committee looking to set the fiscal issues—how big is the surplus and things of that nature—but they are also looking at the ramifications of these issues in terms of gender, in terms of all the other things, and they afford the opportunity to raise these issues in the pre-budget consultations and to raise them forcefully with the Minister of Finance and with others in that process.

The other process of course, and Professor Young has alluded to this, is the consultation process in which various interests groups, including groups who represent women and many other groups, have an opportunity to raise these issues with the Minister of Finance. I think it is significant when a Minister of Finance, like the previous one, said...I think his words were that to the best of his ability he would be examining the gender-based implications of his budgets. That is a very significant statement. That is something I think needs to be followed up and examined.

I don't know if this Minister of Finance has said that, but it certainly would be wonderful if he did. That gives one a hook and an angle on which to come back on these things and examine the commitments that finance ministers are making about how they're putting their budgets and the implications and the analysis they're doing.

● (1005)

The Chair: Thank you.

The next round, five minutes.

Mr. Pearson.

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

You both brought some remarkable clarity, because this is a pretty complex issue, and I thank you very much for doing that. You both brought a bit of a different slant this morning from what we've been hearing from other witnesses. The whole idea of data collection has been very important to other witnesses who have spoken to us.

But you said, Professor Good, we've been ten years at this process in Canada and we're working at it, and maybe the time has come to take some action. You were talking about incentives and other things. I'm wondering about that. Our other witnesses have felt we still need to continue to compile and compile. You have said although that is important, perhaps we should look more toward incentivizing that.

I wonder if you could give us some examples of what you're talking about.

Dr. David Good: I think on the data and the information, we have the best statistical agency in the world, StatsCan, and they have done some remarkable research on a number of these issues. I think they lead the world with regard to their surveys and research analysis with respect to the economic benefits of working in the home and in recognizing that and the importance of the contribution it makes.

So I agree with you wholeheartedly. I don't think we need analysis. I think it's a matter of connecting some of these dots and providing some incentive within it. I think a lot of it begins at the political level. What is the stance of a political party with respect to how it wants to deal with issues of gender? We know that gender can be quite divisive, but we know it's also an important part of fairness. It's an important part of dignity in society and it's an important part of who we are and the kind of people we want to become. All those aspects become very important.

It then becomes looking at those issues in a broader context and in the political debate and asking fundamental questions: do we want to work on the demand side with respect to child care, as one government did? Another government wanted to work on the supply side with respect child care. We should fundamentally analyze the implications that is going to have with respect to gender, not just with respect to how efficient it's going to be or the federal-provincial ramifications of this. Let's face it, one of the reasons we have such large federal tax expenditures is largely that it allows the federal government to enter areas that are often in provincial jurisdiction.

In terms of the incentives, I think what we need are better opportunities for—and I come back to this word "interaction"—interactions across the individuals and across the parties. I think we've failed to realize there are human elements and fundamental political questions to this. When political questions need to be resolved, analysis can take you part of the way in solving some of those disputes and differences. In the end of course it may well be a political decision, as most big tough budget decisions are, and that's well understood, but we need to have the analysis and have the work done. As others have said, it's not just in government that it has to be done; it has to be done in the universities, in the think tanks, in the media across these issues as well as within the political parties themselves.

Mr. Glen Pearson: Did you have anything you want to say?

Prof. Claire Young: I would just add that I agree with the comment about Statistics Canada. The data are there for me as a tax expert. I can tell you exactly how many women contribute to an RRSP; I can tell you how much benefit they get from that. The raw figures are all there. It's a question of the use of the data, as I don't think the data are being used.

There are two forms of data that I particularly use. One is the tax expenditure accounts, which detail the cost of every single tax measure. I actually think Canadians would be stunned to know that the single largest personal tax expenditure is for retirement savings, generally. We spend more on that than anything else. They'd also be stunned to know that probably the largest tax expenditure in Canada is in respect of what's called the capital cost allowance, a business tax break, and so on.

So people aren't actually using the data; nobody is poring over the tax statistics, saying, wow, isn't it interesting that men are using up all their RRSP room, but women aren't, and then asking, well, why aren't they and what should be done about it, and how would that affect how we devise our tax policy?

● (1010)

Mr. Glen Pearson: I had another question.

Dr. David Good: If I could make one further comment on the same topic, I think it would be very useful to include in every budget.... We already include the direct expenditures in every budget; you can look in the fiscal plan and background papers, and on page 495, or wherever, and see several pages indicating where the money goes. What we don't do in any budget is to lay out where the tax expenditures go and what they are. You need to go into the Department of Finance website and find where that money goes.

We've been putting out tax expenditure accounts, or tax expenditure budgets, quietly—not parts of budgets—since 1979, when John Crosbie first began to do this. What we should do is require that in every budget there be a tax expenditure budget or account every year. People would see it and become much more informed, as Dr. Young has said, in recognizing the large amounts of money that flow through tax expenditures for various public purposes. This would be a very important thing to let Canadians know. In fact, we spend as much, or almost as much, through the back door in tax expenditures as we do through the front door in direct expenditures, when you add them all up.

The Chair: What I'd like to do, Mr. Pearson, is to put your question out and then they can respond to it later on, because I don't want to take anybody else's time. So you can put your question out, let it go to them, and they can answer it later.

Mr. Glen Pearson: I had another question for Professor Young.

You were saying there were certain things that could be done on this. I was going to ask you to expand on that. So consider that for later.

Thank you.

The Chair: Thank you.

We now go to Ms. Davidson, for five minutes.

Mrs. Patricia Davidson (Sarnia—Lambton, CPC): Thank you, Madam Chair.

Thanks to both Dr. Young and Dr. Good for their presentations here this morning. Certainly, as others have said, you've given us a bit of a different perspective on some of the issues we've been hearing about from some of our other presenters.

Dr. Good, I have a couple of questions.

You said it has been seven years since you worked in the civil service here in Ottawa. Do you notice any changes in gender budgeting or gender analysis in that time, since you were here? Have we made any progress over that time? I think we started all of this about 10 years ago. What progress, if any, have we made?

Dr. David Good: That's a very good question, and I think in fairness there has been some measured progress. Ten years ago when I was at HRDC and we began gender-based analysis, the general view was to set up a unit and get it done.

I think more and more now we're saying let's integrate that unit into our strategic policy analysis and have it undertaken, and integrate it into the decision-making process of the department and ensure that in all our policy analysis on questions of EI—employment insurance—and questions on OAS and GIS, all of which affect women fundamentally, and questions on labour questions in the department, we examine the gender-based implications.

The tendency of course, as was mentioned earlier, is to focus on the incremental and new decisions and not to go back into the base of expenditures.

The second thing that's happened is that we now generally require that this be examined and included within a memorandum to cabinet as going forward. While I haven't had the opportunity—and I certainly wouldn't want to tell tales out of school—to sit through cabinet meetings in the last number of years, I did have the opportunity previously. I think one of the key things there is to ensure that ministers are now demanding this. If the demand is there, the supply can be produced.

The third thing that I think is important is that we now have included this in Treasury Board submissions. When a Treasury Board submission comes forward for new authority for a program, or for new funding—and granted they do not focus on the tax side, they focus on the direct expenditure side—there is a requirement for gender-based analysis. I think that's important.

Ten years ago I don't think these gender-based analyses would have been prepared in the Department of Finance, perhaps in the same way as they have happened. Certainly over that past 10 years we have seen at least one Minister of Finance say that to the best of his ability he would ensure that there was gender-based analysis undertaken in the context of his budget. So I think we are making progress. Ten years ago you didn't have a parliamentary committee on the status of women examining these important issues and bringing people to appear before the committee.

So I think there is measured progress being made. Is there more to be done? Absolutely. And it lies in the interaction between the decision-makers and the players. That becomes the important thing, to ensure that better-informed, more thorough, and comprehensive analysis gets into the decision-making process.

● (1015)

Mrs. Patricia Davidson: Thank you.

I want to go back for a minute to one of my colleagues' questions about whether it's equality of outcomes or equality of access and opportunity. I believe you indicated that the role and the final decision should be equality of outcomes, and I think what we're all working towards is equality of outcomes. Then you went on and talked a bit about analysis of the political parties, to analyze the policies before they're set. Will that help get to an equality of outcomes more quickly, if the political parties are analyzing their policies before they become party policy?

Dr. David Good: I think it will.

One of the things I have observed over the last 20 years is that parties, at their peril, do not live up to their campaign commitments. Years ago it was quite possible not to live up to campaign commitments. Increasingly now, because of the accountability that the electorate is putting onto parties and onto new governments, they very much have to meet almost all of their campaign commitments. In fact, it was interesting to see that this recent budget, with regard to the tax-free account, includes capital gains. Of course we all know that the commitment of this Prime Minister and this government to deal with capital gains—not that I support that particular proposal—has not been lived up to, I think at their peril. Politicians recognize that.

So I think there's a need to ensure that you can get analysis undertaken before these campaign commitments are made—and they're increasingly detailed by political parties—because that will very much set the agenda and set the direction for things, so we can elevate the level of debate, hopefully in the election campaign and hopefully in and around the formation of new governments as they take office.

The Chair: Thank you, Ms. Davidson. The minutes go very quickly, don't they?

Madame Deschamps, vous avez cinq minutes, s'il vous plaît.

[*Translation*]

Ms. Johanne Deschamps (Laurentides—Labelle, BQ): Thank you, Madam Chair.

I would like to thank both witnesses who are here today—Mr. Good, who is here by teleconference, and Ms. Young, who is physically present.

During a previous meeting, the committee focused on women's economic security. A number of groups, associations and researchers testified. On the whole, the groups indicated the major inequalities between men and women. The comments they made depicted a situation comparable to the one Ms. Young described: older women are generally poorer, most women are heads of families and fewer of them can pay into the system because on the whole they earn less than men.

Mr. Good, at the beginning of your presentation, you said that the budget was both an analytical process and a political process. How can we ensure that, regardless of the government in power, the measures taken are in fact steps in the right direction and make it possible to attain established goals? Who provides leadership? You talked about leadership and political will. Who has the ability to provide that leadership?

[*English*]

Dr. David Good: Well, if that's directed to me, that's a tough question to answer.

Quite clearly, in our form of government, the Prime Minister and the Minister of Finance are absolutely fundamental. Increasingly the interactions on budget matters between the Minister of Finance and the Prime Minister are very important in not only setting broad directions but also, obviously, looking at the individual initiatives that will form part of the budget.

The question then becomes, if people generally don't like a particular budget of a particular government, whether the electorate in a democratic society will then go the polls the next time to vote them out and someone else in. And that's the way it ought to be. I guess what I'm looking at is the demand side. What we need to do is ensure that in formulating budget policies and budget priorities—not just the policies and the programs but actually in the budget priorities—we are examining the ramifications this has with respect to gender and the ramifications this has with respect to other issues.

To the extent to which, as I said earlier, political parties will become more specific, more directive, and clearer in what their priorities and initiatives are, then I think it's incumbent upon them to ensure that they also have done the gender-based analysis and the gender-based work and other kinds of analysis so that their policies are well thought out, are well developed, can be debated by the electorate, and—when and if they become the government of the day—worked on, developed, and improved so that they can be delivered effectively and on time, and achieve real outcomes in light of the intended policy.

● (1020)

The Chair: You have one minute.

[*Translation*]

Ms. Johanne Deschamps: I would like to hear your views, Ms. Young. This is my personal opinion on this week's budget: I find no effort is being made to close the gap between men and women. I do not feel the budget contains any measures to support poor women, or women who find themselves in financial difficulties after the age of 65. I don't see the government making much effort in that direction.

[*English*]

Prof. Claire Young: When I look at the tax measures—and that's what I focus on in my work—I agree with you, this has been the lightest budget in years. By that I mean there's very little in it on the tax side of things. That's my area, so I really don't get to comment much on the other side of it. But as I told my students the other day, there's nothing in there that you really need to study, because there's not much in there from a tax perspective. Certainly there is nothing intended or designed to redress some of the issues you raise.

We talk about women's inequality and programs that are hopefully designed to redress some of those inequalities. My point is that those programs in the tax system are currently flawed.

The second point is that it's not just the tax system that one uses to redress the various issues. Direct subsidies, direct spending, and so on are integral to it as well.

The Chair: Thank you.

We'll now go to Ms. Mathyssen for five minutes.

Mrs. Irene Mathyssen: Thank you, Madam Chair.

One witness, the Canadian Centre for Policy Alternatives, has recommended a commissioner for women's equality—someone like the environment commissioner. If the government is to pursue further budget initiatives, does there need to be a person or a section put in charge of implementing this kind of initiative? If so, how would you recommend it be done?

Prof. Claire Young: I want to go back to Dr. Good's point, which is more about integration. Certainly a commissioner for women's equality would be terrific. I'm all for any measure that would draw the focus more and more to these issues.

But an individual alone is not going to accomplish something. You need to make sure that the individual or the office actually has a big role to play and that Finance doesn't just say, “Okay, here are the proposals for the next budget”, and hand them over two hours before the budget. If you are going to have a particular individual, that person would need to have some powers and abilities to commit them to work with agencies such as Finance, and so on.

● (1025)

Dr. David Good: I don't think we need more single-purpose watchdogs in the system. We have a lot of watchdogs in the system that have been created, particularly more recently. As Professor Young has said, what we need are interaction and championship. In order to make things happen, it's important that the Status of Women be given status, and that generally requires a strong minister.

I don't mean this to in any way reflect upon current incumbents, but we have seen this happen over the years. If we go back 40 years, there were some very strong ministers of the status of women, and important things were done during that period of time. This becomes very important in the way we structure our system. Ministers matter. They can influence things and have great impact, particularly on the demand side, for better analysis, work, and championing of these things.

That's where I think, in the Canadian way in which we do things, it becomes very important.

The Chair: This is your last quick question, Ms. Mathyssen.

Mrs. Irene Mathyssen: So we need to continue to battle this culture of inequality, this sort of pervasiveness that quite clearly exists. If it didn't, we wouldn't continue to have tax policies that don't serve women.

Prof. Claire Young: The battle is nowhere near won. Obviously there's a tremendous amount of work still to be done.

The Chair: Thank you.

Is that your final answer?

Prof. Claire Young: That's my final answer.

The Chair: Dr. Good, do you want to respond?

Dr. David Good: No, I think my previous response stands.

The Chair: Thank you.

Ms. Grewal is next for five minutes.

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

Dr. Young, I see in your profile on the UBC law department website that you consulted with the Department of Finance on tax policy. Was that the federal finance department? If so, when did your work take place and what did it consist of? Could you tell us a little bit about that?

Prof. Claire Young: I consulted with the Department of Finance in the mid-eighties, to my recollection—probably 1984-85—or many years ago. I worked with them on drafting the amendments to the attribution rules, which are quite technical, specific rules dealing with the splitting of property income. The work had nothing to do with gender when I consulted with them. I had just started my academic career at the time, having moved into academia from a position as a legislative drafting person; so they were relying on my drafting skills, not my academic skills, I think. That was the only time I worked for the federal Department of Finance. It was over a couple of summers when I spent some time in Ottawa—and I thoroughly enjoyed it.

Mrs. Nina Grewal: You have studied the impact on women of funding social programs through the tax system, including the fact that women benefit less than men from this. Could you please elaborate on this conclusion, making specific reference to the Canada child tax benefit.

Prof. Claire Young: I'm going to be as shameless, then, as Dr. Good.

Some hon. members: Oh, oh!

Prof. Claire Young: The paper is called, *Women, Tax and Social Programs: The Gendered Impact of Funding Social Programs Through the Tax System*. I would have to say that when this was written, it was about a previous incarnation of the child tax benefit. So I haven't done much work on the child tax benefit recently, but certainly the critique of this benefit has essentially been that some women with low incomes are not getting access to it. I think the working income supplement has had some remedial effect in that regard.

Mrs. Nina Grewal: Finance Canada conducted a gender-based analysis of the tax policy changes in the 2006-07 budget, so in addition to tax policy changes, can you discuss other areas that Finance Canada should also be examining from a gender lens?

Prof. Claire Young: I'm a tax policy person, so I think I'd be overstepping my area of expertise and my knowledge to.... Obviously, as a woman, I can think of many areas I'd like to see more work done on, but certainly from a tax policy perspective, I tried to hit on what I think are the primary ones. I think these would include tax subsidies for retirement savings, which are just not accomplishing what they should be doing. That's one that immediately leaps to mind. I also think there are some issues with the child care expense deduction, the spousal tax credit, and so on.

● (1030)

The Chair: Would you like Dr. Good to answer?

Mrs. Nina Grewal: Yes, please.

The Chair: Dr. Good.

Dr. David Good: I think it's important to look at all of the instruments of governance that affect people. Clearly, the finance side of both tax expenditures and direct expenditures needs to be part of the analysis—and the gender implications of those things become very important.

In addition to that, of course, governments pass a lot of laws. They undertake a lot of regulations. These are very powerful instruments of governance, and one needs to ensure that the gender-based implications of what's happening there can clearly be undertaken.

The last point I would make is that governments also use "exhortation", as it's called in the literature, or persuasion or rhetoric, in the best sense of the word. It's direction; it's giving commitment to things. The gender ramifications of those things, I think, need to be examined as well, so that we ensure that in all instruments of government those things can be undertaken.

But that's not enough. One also needs to look at private sector practices and begin to see what's happening there. Let me just give you a wee little example.

Yesterday I went to pick up my shirts at the dry cleaners. So I picked up my shirt and one for my wife. Well, of course, my shirt cost $3.10 per shirt and my wife's $4.95. Why is that the case? It's because the machines used here in Victoria only fit men's shirts; they don't fit women's shirts. Well, I think that's unfair; I think that's wrong. So there are many things in the private sector that should be improved and be looked at as well to ensure there is fairness across the genders. I have a great deal of difficulty explaining to my wife why we have to pay more for her shirts than for my shirts, and quite frankly, I don't think it's fair.

The Chair: Thank you, Ms. Grewal.

Dr. Good, as the chair, I would like to use my privileges and get you to explain the supply side and the demand side. You have stated that the demand side has diminished in capacity. Is that because the public is not engaged in public policy-making, even though we see a lot of advocacy and consultation going on? Could you help me understand that?

Also, we have had witnesses tell us they are going to use gender indicators, like housing and LICO, the low-income cut-off, etc. They say they are going to work with European countries to see what sorts of indicators there are. Are indicators useful? Since gender budgeting or gender analysis is a constant work in progress, when will we know that we have reached...?

Dr. David Good: On the last part, it will be a process of becoming. I don't think we're going to reach a definitive point. I think the key is, are we making measured progress? Are we making improvements in these areas, and what's happening with respect to them? Is there less discrimination? Is there a reduction of bad impacts? Are unintended consequences being unearthed? And are we seeing some of these differentials? Statistics Canada can do quite well on income questions and others. Are we beginning to see some progress with respect to that?

I'm a bit more for the broader global indicators than for putting in place a whole set. What I fear is that if one goes down the indicators track, it can become quite a bureaucratic process of a whole set of indicators. In all cases, these indicators need to be very clearly aligned to the individual policy or individual expenditure or individual piece of legislation that one is looking at.

On the first part of the question, with regards to the demand and supply sides, my sense is that there's a lot of supply out there. We have a lot of new public servants, we have a lot of new people who do analysis, we have a lot of capacity and think tanks, and we have a lot of things that can be done. But there's nothing more powerful than the question being asked by the right person at the right time.

When you take forward a policy to cabinet or you go to the Treasury Board or you're presenting something to the Department of Finance, if someone in a senior position says, "Tell me the gender impact of this policy. What are the consequences of that?", that's on the demand side.

As these questions are increasingly being asked, I think the supply is going to be there. Getting that right becomes important. That requires a government that is interested in public policy, a government that is interested in the substance of public policy and the capacity to ask these fundamental questions and to do it at all levels within government, both at the political and at the bureaucratic level.

I think these become important issues for us to focus on. And I don't think just working on the supply side is going to do it. In other words, if you build it—

● (1035)

The Chair: Thank you.

Dr. David Good: Thank you.

The Chair: No, go ahead, speak. I didn't want to cut you off, Dr. Good.

Dr. David Good: This is not an enterprise for which, if you build it, they will come. This is an enterprise for which, if there's an incentive and the right question is being asked, it will be responded to.

The Chair: Thank you.

Dr. Young, I think there was a question from Madame Deschamps regarding the economic security of women. When the homemakers you're talking about came before us, they wanted to see if there was any way they could contribute to the CPP. Have you as a tax policy person thought of that and of what value you would allocate to somebody working from home?

Prof. Claire Young: Absolutely. This question has been on the table for a long time. It's not actually technically a tax question, but there's no doubt that if you look at the money spent by the government on retirement savings—we have the old age security and the CPP, with the old age security being the more universal plan, and then we have the more private plans, the RRSP and the occupational pension plans—for women working in the home, there is no question that access to CPP would be a huge step forward.

The Chair: Regarding the working income tax benefit, we were told that a person earning $22,000 is too poor for the working income tax benefit and too rich for the child tax credit.

Prof. Claire Young: Again, I don't have the stats with me, but that sounds approximately right. There is that gap people are falling through. I think the figure might be slightly higher than that—maybe $23,000 or $24,000, or whatever— but there's no question there is a gap.

The Chair: And they are poor. That's poor.

Prof. Claire Young: Absolutely.

The Chair: Thank you.

We now go to the final round.

Ms. Minna, are you sharing your time with Mr. Pearson or are you going on your own?

Hon. Maria Minna: We're going to try. I have a couple of questions, and if Mr. Pearson has any, then by all means, he can go.

I wanted to make a very quick comment with respect to Dr. Good's comments on the cleaners. There was actually a book for the private sector, written in Toronto by an advocate working really hard. Her name was Yaccato. I've forgotten her first name now. She used the cleaning industry as an example for that. So there are some people out there.

I have one question for both of you. For those of us who are watching what the Minister of Finance or the Treasury Board should be asking—and hopefully afterwards checking whether or not they did—when considering the tax policy changes, specifically what kinds of questions should the Department of Finance or we, as a control mechanism, ask in order to account for the policy impact on women? What specific questions should they be asking?

Maybe Dr. Young can answer that.

Prof. Claire Young: Let me give you perhaps an example, which actually responds to Mr. Pearson's point earlier when he asked me about using statistics. I think the kind of question you should be looking at is obviously how the policy will affect women.

I think one way to do that is to take the current statistics and actually apply them. For example, one of the policies that are being posited is income splitting, that we will agree that the government will introduce rules permitting couples to basically pool their income for tax purposes, split it 50-50 between them, and thereby there is a tax saving. If I were looking at that policy, I'd see the politicians arguing for it by making reasoned points and other politicians arguing against it vehemently. I can tell you that in my opinion it's actually got a very negative impact for women.

But the reason I tell you that is that if you take the current tax statistics and figure out if this provision were there today, it will tell me everything about the levels of income of women and so on and so forth. I can actually take those statistics, apply them, and produce for you a grid that will show you who wins and who loses based on gender and income level.

I'd like to see more of that happen so that the analysis is not...if I say rhetoric, that's too unfair a word, but it's not just people saying women lose out here or women win here. It's that actually we take the statistical information that's currently there, apply it to the policies being proposed, and just do the nuts and bolts and take a look.

● (1040)

Hon. Maria Minna: Good stuff.

Mr. Good, did you want a word?

Dr. David Good: Yes. That's a very good question. I think the question that has to fundamentally constantly be asked is who wins and who loses. You need to do that both on income and with respect to gender.

You can be assured the Department of Finance looks at winners and losers, and there are provisions under access to information to secure some of this analysis. Recall that in any cabinet document there's an analysis section that is accessible under access to information, not the recommendations to ministers—they are the confidence of the Queen's Privy Council—but the analysis is and can be used.

To ask the next question, under what circumstances might this change, on the question of income splitting? What happens when there's divorce, when there's breakup? Does this just mean that for tax purposes we move things across and all you're doing is giving a higher tax liability to the lower-income spouse? There are unintended consequences that can happen, so these need to be asked.

Then you need to look at the fundamental question of what kind of people we are looking at. Are they rural? Are they urban? Are they immigrants? Are they aboriginals? There's a whole set of further questions that constantly need to be asked to do a proper analysis of these questions.

Then you also need to ask the fundamental question in the end. What are the unintended consequences that are going to result from this? And we're finding, more and more, that there are unintended consequences, things that were not initially thought about, that need to be asked.

These are the questions that need to be asked, and any good minister, I assure you, will ask these questions, and any good public servant will see that, to the best of their ability, the analysis can be undertaken so that these questions can be addressed before the policy is actually decided upon and announced.

The Chair: Mr. Pearson, you have one minute.

Mr. Glen Pearson: Briefly, Dr. Young, you had mentioned about how the tax system might not be the best way of helping people in some instances, and you talked about the reduction of poverty for seniors over the age of 65 as an example. Can you give me some others for women?

Prof. Claire Young: Well, as I mentioned briefly, there's a critique of the child tax benefit. The critique is that, again, there's this group with sort of low incomes who are not actually getting quite as much as they should, and so there's this little group that's almost excluded. But I think the point there is for you to think, from a policy perspective, that way back we had the family allowances and that the child tax credit is essentially a form of family allowance.

The family allowance was delivered without using the tax system. It was a cheque that was mailed to every mother with kids. We have now put it into the tax system, which brings with it a whole bunch of other tax rules that are implicated in the child tax credit. For example, income levels for the child tax credit depend upon other tax rules that will affect how you determine the amount of income and so on; so it's much more complicated.

I'm not arguing that we should go back to the family allowance—again, that's for the politicians—but that way you can compare the benefit of a direct subsidy delivered specifically to a group of people by way of a grant as opposed to a measure embedded in the tax system with all the complexities that flow from other rules that impinge upon it.

Mr. Glen Pearson: Thank you, Madam Chair.

The Chair: Thank you.

We now go to Mr. Stanton for five minutes.

Mr. Bruce Stanton: Thank you, Madam Chair. I appreciate that.

I wanted to ask a quick question to Professor Young.

One of the key points you've delivered here is the notion that social programming really should go beyond what the government is engaging in vis-à-vis its fiscal measures. While I accept that, I wonder if you'd have some thoughts on the notion that generally social programs are the jurisdiction and domain of the provinces, and that constitutionally the Government of Canada, if it wishes to help influence outcomes, really is left primarily with fiscal measures to help advance those kinds of outcomes in society in general, while at the same time giving support to the provinces through things like the CHT and CST so that the provinces can drill down a little further and deliver programs at the provincial level, depending on their needs.

Could you comment on that?

● (1045)

Prof. Claire Young: I'd be happy to comment.

Again, the division of powers between the federal government and the provinces is not something on which I'm an expert. Having said that, I think the point made by Dr. Good earlier is relevant here. To some extent this is the federal government's way of actually getting involved in social programs in a rather backdoor way—that is, through the income tax system.

My basic point is that, putting aside federal-provincial jurisdiction and disputes around that issue, I'm all for the federal government having a say with respect to social programs, but I think the mechanism they're using is presenting some serious problems.

There are two ways to deal with it. One is to try to actually redress some of the inequities that I've alluded to in the tax system, and sometimes that can be done using tax rules. I think that should be done, and I can give some examples.

At other times I think it's a political decision for the federal government that actually the tax rule is just not operating in a way that is fair. If that is an end—if the policy we're trying to achieve can only be done through the tax system—then try to make the tax system fairer, but if it can't and it can be done another way, then I would say that would be more important just to get rid of those inequities. You fix up the tax system if you can; if you can't, you have to recognize that you need to start from scratch, or at least move in a different direction.

Mr. Bruce Stanton: Great.

That's all I had, Madam Chair.

The Chair: I think Madame Boucher had a question.

Mrs. Sylvie Boucher: Yes, I have a little question.

[*Translation*]

I find this very interesting and I also have questions as a woman and a member of Parliament. We have various political visions around the table. Whether we are Liberals, Conservatives or New Democrats, we all have our own vision and defend it.

Would it be possible to take an apolitical approach to developing a gender-based budget, at least to have a basis for budgeting that takes women's needs into account? Would an apolitical vision be more complete? Is it up to political people to do that? As the saying goes, what will be will be. We have to live with the consequences. There are different visions on each side of the table and one is not better than the other. This is a constant dilemma.

I am new to gender-based budgeting. On a personal level, as a woman rather than a member of Parliament, this issue goes a long way back with me. I was a single mother. If I had known that one day I would be talking about gender-based budgeting, I would have been overjoyed that this problem was finally getting some attention. Is an apolitical vision a possibility in this case?

[*English*]

Prof. Claire Young: I'd like to say yes, but I almost feel like throwing the question back to you and saying that you're the politicians; you have a better feel for the sense of things.

On a serious note, anything to do with money is just so political. We're talking about an allocation of resources through the tax system. Everybody has an opinion that is driven by their political understanding of things, and I think it's impossible to exclude that. But that doesn't mean you couldn't get some consensus on some key issues. I think you could, even across political lines. I don't think the politics would disappear, but I think there is some consensus.

Take this committee as an example. Certainly the questions I've heard today have been, to me, just fantastic and really interesting. If you asked me to say, as a result of your questions, who belongs to which political party, I actually wouldn't be able to give you an answer. Well, I could, because I actually checked you all out beforehand, but just listening as an independent observer to the questions you're all asking, you're all coming from a very similar space—no disrespect meant at all, obviously, to your political allegiances.

So I do think you can't eliminate the politics, but there's certainly an opportunity for people who care deeply about issues and who may have different opinions to still reach some consensus.

● (1050)

The Chair: Thank you.

Madame Deschamps, the final question.

[*Translation*]

Ms. Johanne Deschamps: Thank you, Madam Chair.

My question is for Ms. Young.

You talked a little earlier about the federal government and provincial jurisdiction. I will give you my opinion on this. I represent a Quebec riding. In Quebec, we have been very progressive with our social policies and tax measures. Over the past few years, the federal government has been encroaching more and more on areas of provincial jurisdiction. The result has been a duplication of effort and economic difficulties for the provinces, which lack the resources they need. Because of their jurisdictional responsibilities, provincial governments are closer to people's concerns.

I think that instead of duplicating provincial action and interfering in their jurisdiction, the government should restore the transfers that the provinces were entitled to and received between 1990 and 1994. Those transfers provided support for health, education and social programs. The federal government cut back on those envelopes, its surpluses have been accumulating, and the provinces are hamstrung in their ability to provide services to their citizens. I do not see that as a power struggle, but the federal government does have control that limits the provinces' ability to meet needs and offer the services expected by the people they represent.

[*English*]

Prof. Claire Young: I'm not a constitutional lawyer, so.... But I'm not trying to avoid your point. If I may, I'll use Quebec as an example to illustrate a point I'd made earlier.

With child care, Quebec has chosen a different route: $5 a day and so on and so forth. This goes back to my earlier point that, personally, I think Quebec has recognized that there are some issues around using the tax system to deliver that particular social program or that subsidy. There are other examples through the Quebec tax system where measures that federally in other provinces are driven or delivered from the tax system are actually done more directly.

So without commenting on the division of powers and the resource issue, I see Quebec as an example of a province that actually has thought very carefully about some of the social programs that do have an impact on women. I think the child care example is one of them.

Dr. David Good: If I could make a comment on the question, let's remember that of all the federations in the world, Canada is the most decentralized. When you look at the revenue-raising capacity, the fiscal capacity, and the programming capacity of subnational levels of government, i.e. the provinces and territories, it's significant in terms of their own capacities to undertake programs.

Secondly, there are significant provisions for various opting-out arrangements between the federal and provincial governments, which I think are very important to the provinces. It allows them to receive cash from the federal government to undertake their programs in lieu of opting in to a national program. I think that's a very significant factor.

Thirdly, let's never forget—and I think this was mentioned by Dr. Young—the ability within the federation to do things differently in provinces, whether it is a carbon tax in B.C. or a carbon tax in Quebec. These are agendas that can be moved forward at the provincial level even when we don't necessarily want to, or are not quite sure how to, move at the federal level.

I think there are some great advantages to the federation, particularly with regard to undertaking social policy experimentation and social policy change.

● (1055)

The Chair: Thank you both for being here and for your very thorough input and analysis.

I have a question for Dr. Young from the analyst.

Are there any specific examples you can provide that would correct an inequitable tax measure?

Prof. Claire Young: Quickly, if you take my example of registered retirement savings plans—and I don't want to get too technical here—currently the tax break is in two forms. One is a tax deduction for contributions to the plan; the second form of the tax break, which is actually worth far more, is the accumulation of income in the plans on a tax-free basis. I should add that pension plans in Canada are these huge pools of capital that own every shopping mall you'll ever set foot in.

I'm sorry, that's a little editorial comment.

My point is that if we're dealing with the upside-down deduction problem, you could convert it to a tax credit. That would mean that the value of the tax break would be the same to all taxpayers. You might say, what about those people who don't pay tax? A further move could be to make a refundable tax credit, and that's what we do with the GST tax credit. That's one example where basically, even though you do not pay tax, you will still get the value of the credit. You could, for example, tinker with some of the rules in that way.

I've actually gone into more detail on some of those proposals in my little tome there.

The Chair: Thank you.

Have you any final remarks, Dr. Good?

Dr. David Good: I want to congratulate the committee on the work they're doing. On the question of bipartisanship and apolitical nature, it's nice to see that this committee is chaired by the opposition; there are relatively few of those, other than the public accounts committee.

It's wonderful to see the bipartisan interest. I think that's a very important part in budget making. Budgets will always be political, but the extent to which we can look at the hard analysis in a bipartisan and truthful and analytical way is going to ensure that we will have better gender-informed budgets in the future, which I think has to be the objective this committee, as well as many other Canadians.

The Chair: Thank you very much.

Thank you both for being here. We really appreciate your input.

Committee members, the one item of business today is a motion by Ms. Mathyssen.

Ms. Mathyssen, could you read your motion for the benefit of the committee?

● (1100)

Mrs. Irene Mathyssen: Thank you, Madam Chair. It reads as follows:

> That, the International Olympic Committee should recognize and include women's ski jumping as an event at the 2010 Vancouver-Whistler Olympic Games and; the government should encourage the International Olympic Committee to do so.

And I wish to add "and that the outcome of this decision be reported to the House".

The Chair: Okay. Questions and comments.

Ms. Davidson.

Mrs. Patricia Davidson: Thank you very much.

I would like to thank the member for putting this motion forward. Certainly we're going to be supporting it. It's something we've already supported publicly. Secretary of State Guergis has already met with the IOC and supported this, and that's been publicly stated in the House.

Although we recognize that the IOC is an independent body, we certainly do recommend that this be done and we are supporting it.

The Chair: Ms. Neville.

Hon. Anita Neville (Winnipeg South Centre, Lib.): We will be supporting it as well, Madam Chair. I just want to put on record that I think my colleague Ms. Fry, the critic for sports, has spoken out on this on a number of occasions. I'm not certain, but I think she too has put forward a motion in committee that this be done. So I think you'll find some unanimity around the table.

The Chair: Thank you.

Mr. Pearson.

Mr. Glen Pearson: Ms. Neville said what I was going to say, but I would just add that Madam Fry did it in 2006 and had requested meetings, and they've been subsequently worked out. So we definitely would support it.

The Chair: Thank you.

Without further ado, I will call the question.

(Motion agreed to)

The Chair: Thank you.

The meeting is adjourned.

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