

Family Allowance Act

hon. member for Compton were adopted and we were to give each child a dollar a day up until age 16, we would be paying \$30 per month per child. To pay a pension of \$150 a month at age 65, as advocated by the seconder of the motion, would cost \$5 a day from age 65, across the board to every Canadian.

Our primary concern this afternoon is to discuss the family allowance program which first came into being in July, 1945. From July, 1945, until April, 1949, the family allowance was paid on a selective basis depending upon a family's income. In 1949 the income tax exemption for children was made the same for everyone, whether they accepted family allowances or not; therefore, it was to the advantage of most families to accept the allowance. Since 1949, therefore, it can be said that family allowances have been truly universal.

Until September, 1957, there were four rates payable under the family allowance program. For children under six the rate was \$5 a month. For children between the ages of six and ten the allowance was \$6 a month. For children between 10 and 13 the allowance was \$7 a month, and for children between 13 and 16 it was \$8 a month. In 1957, however, the \$5 and \$7 rates were dropped so that a child under ten received \$6 a month and children between ten and 16 received \$8 a month. The effect of this change was to raise for the majority of children the amounts payable.

In September, 1964, the youth allowances program was introduced. This scheme provides for payment of \$10 a month in respect of children aged 16 and 17 who are in full-time attendance in school or university or who by reason of a severe physical or mental ailment are precluded from attending school. At present the youth allowance program is costing in the order of \$55 million annually.

In the province of Quebec youth allowances are not paid. In Quebec a similar program entitled "schooling allowance" is in effect. The federal government makes a grant to the province to cover the cost of this schooling allowance. For the fiscal year 1970-71 it is expected that the Quebec program will cost the federal treasury approximately \$22,350,000. The current cost of the family allowance program is in the neighbourhood of \$560 million. As you are aware, Mr. Speaker, the minister has tabled a white paper which proposes the introduction of a family income security plan. The family income security plan is one of the measures designed to give greater emphasis to anti-poverty measures. This emphasis should be effected in a manner which enables the greatest concentration of available resources upon those with the lowest incomes. For this reason, selective payments based on income should be made where possible, rather than universal payments which disregard the actual income of the recipient.

• (4:40 p.m.)

The family income security plan, which replaces the family allowances plan in effect, is applicable to all children under 16. Its major proposals are: first, the benefit to be increased to \$16 for each dependant child under 16 in families where income is not more than \$4,500 a year;

[Mr. Foster.]

second, where family income exceeds \$4,500 a year, the rate of benefit will be gradually reduced until a benefit of \$5 a month for each child is payable to families of a combined income of \$10,000 a year; third, families with incomes in excess of \$10,000 a year would no longer receive any family benefit; fourth, family income security benefits would be treated as taxable income of the person who claims the child as a dependant for income tax purposes.

To illustrate the approximate amounts of benefits which will be payable under this proposal at different income levels, I would like to quote the following figures: for incomes up to \$4,500, the monthly benefit per child will be \$16; for incomes between \$4,501 and \$5,000, the benefit will be \$15; between \$5,000 and \$5,500 the benefit will be \$14, and so on until we reach a family income of between \$9,501 and \$10,000 when the payment will be the minimum, \$5. Over \$10,000 the benefit will cease.

Mr. Speaker, what will be the effects of these proposed changes to the family allowance plan? First, the universal payment will no longer be paid to families with higher incomes and resources will be concentrated on those people who are in real or potential need. The proposal will give additional money to people whose own resources are not enough to meet the needs regarded by society as basic. Thus, for the children of families who through no fault of their own are in the low-income bracket the program will provide funds necessary for the maintenance of their children.

The family income security plan will provide real and direct benefit to over 640,000 low-income families. For families with a combined income of \$4500 or less the plan will provide payments of \$16 a month for each child. This represents a 100 per cent increase for children ten through 15 years of age, and a 167 per cent increase for younger children when compared with the family allowances program of today. Therefore, Mr. Speaker, of 3.1 million families with children under the age of 16, three-fifths will receive higher benefits than those they receive at present under the family allowances plan, and approximately one-fifth of these will receive the full \$16 a month benefit.

The family income security plan will increase the incomes of families on social assistance, including most of the 150,000 mothers who are by themselves raising some 330,000 children. Moreover, Mr. Speaker, the program is amendable to future increases in benefit level and to extension to adult family members and to childless persons. The cost of the family income security plan in its first year of operation will be in the neighbourhood of \$660 million, or about \$100 million more than at present. The higher benefits of the new plan which is proposed will be financed from approximately \$270 million of benefits withdrawn from higher income families and by tax recoveries from beneficiaries.

An hon. Member: A lot of research there, Maurice.

An hon. Member: He did his homework.

Mr. Foster: Mr. Speaker, the family income security plan proposed by the Minister of National Health and