

Family Allowances Act, 1973

needs to carry us up and out of this recession and into economic recovery and security for Canadians.

New social programs that are introduced are almost always born out of sound principles of need, equity and social justice. In fact the Family Allowance was created with those sound principles in mind. We began tinkering and adding to that basic Family Allowance with the introduction of the Child Tax Credit. The more that program was added to and changed, the more bureaucracy became larger and the final cheque delivered to Canadians smaller.

The Government is adding to the distance between the taxpayer who is able to give through his Government, and individual Canadians who are in the most need. This measure makes the less strong the weakest. This legislation is a good example because we are talking about children, particularly children of the poor. The present system keeps growing in the middle but the taxes that are contributed do not reach those who are in need. We must reconsider this concept and find more efficient ways to administer the program.

As a result of passing this legislation, we are suggesting that there is no better way. However, better methods have been suggested to the House. My colleague for Calgary North (Mr. Wright) suggested the Kesselman concept and I was pleased to see the NDP pick up on that suggestion. I would like to elaborate on that concept. It is not a complete answer to the problem but an interim step which may accomplish two things. If we were to accept a six-month hoist on the Bill, the Committee could then study this concept and others like it.

The Kesselman concept claims that it would save the Government \$500 million. According to the current proposal, the Government will pay an extra \$95 million. Instead of paying \$95 million, why not save \$500 million? At the same time we could see Family Allowances rise by 145 per cent through a direct payment program. Does that not logically meet the objectives of restraint since \$500 million—perhaps more—could be saved and a 145 per cent increase in individual Family Allowances could be realized?

My first reaction to this is to wonder if there really is that much in the middle. However, according to the actuarial tables which I have here, this would, in fact, be the net benefit or Mr. Kesselman's program. If this is the case, it should be examined. Let me repeat those simple and common-sense proposals. There can be \$500 million saved by restraint and a 145 per cent increase in direct payments to individuals.

I would like to explain this further because time is running short for Liberal Members to realize that a six-month hoist would be in the interest of Canadian children. They should be our first concern. I would hope that a delay would allow us to examine not only this proposal but others that would go into much more detail. The fact that this concept was proposed and that others might be proposed is reason enough to allow a hoist. Perhaps consideration of these ideas might mean that this Bill would not need to be introduced again a year from now. I believe, therefore, that the Government should consider this amendment.

Let me present this idea in more detail. I am sure Mr. Kesselman would be pleased to appear before any committee to expand upon it further. For each child under the current system, the system displays a bizarre pattern in relation to family income. A child in a middle income family generates greater total benefit than a child in a low-income family. The net benefits rise again for movements from upper middle-income to high-income families. This pattern results from a combined effect of taxable Family Allowance receipts of \$26.91 per month, or \$323 per year, the child tax exemption of \$670 per year and the Child tax Credit of \$293 per year, minus 5 per cent of parents' combined net income over \$26,330.

The scheme proposed by Mr. Kesselman would begin by abolishing both the child tax exemption and the Child Tax Credit. As I said, this is one suggestion. The Committee might look at other suggestions and may want to expand the concept of the Child Tax Credit or the child tax exemption. However, we cannot keep layering program upon program, bureaucracy upon bureaucracy and form upon form until the housewife has to become an accountant in order to fill out the forms she requires to get the basic, small amount of money that comes back when the process is completed.

This particular scheme does call for the Child Tax Credit and the child tax exemption to be deleted. This would raise Family Allowance payments by 145 per cent to a 1982 level of \$65.93 monthly or \$791 annually per child. It would also maintain the universal basis. The taxability of Family Allowance would be replaced by a tax recovery device in federal income tax to recover increasing portions of the Family Allowance at higher family incomes. In particular, this proposal would remove various deficiencies which would arise with the Child Tax Credit in imposing an income test before disbursing net benefits. It would eliminate the need for 1.5 million non-taxable mothers to file tax returns each year to claim their Child Tax Credit, and it would eliminate 350 person-years of work needed annually just to process the 1.5 million forms which must be filled in. It would do away with those forms. Would it not make sense to do away with 1.5 million forms? Think of the work hours spent by the mother, the father, the accountant, or whoever had to help, to fill in those forms, let alone the 350 people required just to process and circulate these forms.

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The expanded Family Allowance would be paid automatically and would not require annual applications, and this would avoid the non-participation of some eligible families at lower incomes and in remote areas which arises under the Child Tax Credit.

The monthly payment of Family Allowances would also reduce the budgeting problems of the recipients from the once-annual payment of the Child Tax Credit. Monthly Family Allowance payments are more likely to be used for the child's regular maintenance than a lumpsum payment. We all know