

*Family Allowances Act*

Reform Group and other critics. The effect will be that the total family benefit package will increase for people on low incomes and decrease for people on higher incomes.

In spite of those facts, we have heard a great deal of criticism of these measures. Most of the criticism has been geared specifically to the legislation before the House. It is being implied that this is the only change being made to the family benefits package. In fact, that is not the case at all. One of the criticisms that can be levelled against the changes in the package is that the child tax credits should be increased even more. I do not think anyone would quarrel with that. Everyone would like to have the child tax credit increased even more. However, realistically, the Government has to take into account the total fiscal management of the country rather than one isolated area. Our annual deficit is now \$35 billion a year and our cumulative deficit is \$200 billion a year. I believe that Canadians understand that it is impossible to increase the child tax credits any more than they are being increased at the present time.

The second criticism that has been levelled against the legislation is that the child tax exemptions under the Income Tax Act are not being reduced enough. That criticism is not being levied by everyone, because most people realize that if the child tax exemptions are completely eliminated those funds will come out of the middle class. The Government has taken into account the suggestions that higher income people are getting more benefit from the child tax credit exemption and therefore is reducing it. However, at the same time, it is not being eliminated altogether so that there will still be some benefits for all sectors of the Canadian population.

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The third criticism, obviously, is the one we have heard for the last few days concerning the partial deindexing of the family allowances. That is being done to provide some of the funding, at least, to look after the increase in the child tax credits. Without that additional funding there would not be enough funding generated by the reduction in the child tax exemption to provide for the increase in the child tax credit. Therefore, the total package will have the net effect of increasing child benefits and family benefits for low income people while taking it away from high income people.

It has also been suggested that some of the money that is coming from the modification in the indexation of family allowance will leave the social welfare package and not be spent in the social welfare area. In fact, that is not the case. According to the figures, it is estimated that in this fiscal year, 1985-86, the change in the family allowance will generate about \$20 million in additional income for the Government, whereas the increase in the spouses allowance—which Members will recall was introduced before the summer break and then supported after much debate and discussion by all parties—will cost approximately \$190 million in this fiscal year, 1985-86. In fact, even taking into account changes in the family allowance, that will not divert funds from the social security package altogether.

Next year, the money generated by Family Allowances—approximately \$90 million—will go elsewhere. That is compared to the cost of Spouses Allowances next year which will be \$325 million. Therefore, no money has been diverted from the social security package by the net effect of all of these changes. The net effect of all of these changes simply is that it will increase the family benefits for people who are at the lower end of the income scale and decrease it for people who are at the upper end of the income scale.

In the last few days the Opposition has indicated that the other changes in the Budget—referring to tax increases and other tax changes—will have a detrimental effect on everyone, not only low income people. That is quite true. Of course, we would like to be able to increase all of the benefits and take credit for it. Mind you, Mr. Speaker, whenever we increase them, the Opposition will always continue to say that we have not increased them enough. Of course we would rather increase benefits because all Members, whether in Government or Opposition, like to increase benefits. Furthermore, no one likes to pay increased taxes. Unfortunately, bearing in mind the total fiscal picture of the country, we must be realistic and I believe that Canadians are realists. They know that when they go shopping after earning \$100 for the week, they cannot spend \$150 because they would have to borrow from the bank. That is the problem we face as a country and that is the difficulty with raising taxes. No one wants to pay taxes and no one wants to be responsible for raising taxes. Unfortunately, when the financial affairs of the nation have fallen into the state they have it is necessary to correct that situation. It is a necessity not only for the Government but for everyone in this country.

We would all like to see improvements. I represent a constituency consisting of many low and middle income people. I am very conscious of any changes in their social security package. I listened very carefully to the Minister of National Health and Welfare (Mr. Epp) when he said that the Government would be monitoring the effect of these changes very carefully and that if any detrimental effect on anyone in Canadian society became evident, changes and modifications would be made to make sure that it did not happen. I want to assure Members of the House that I will hold the Minister to that statement. However, bearing all of that in mind, and in spite of the criticism that has been levied against this particular piece of legislation, it is quite clear to me that the total effect of this package is something that all of us can support. Like it or not, everyone supports the concept of improving family benefits for those in the lower income scale and that is what this Bill does. I am sure that Members of the Official Opposition and the NDP will finally support this bill.

[*Translation*]

**Mr. Tardif (Richmond-Wolfe):** Well, Mr. Speaker, let us say that I am pleased and that I wholeheartedly endorse any measure likely to improve the situation, particularly if it restores the balance so that those who have the capacity to pay assume the social charges.