

He says he prefers to live in a more rural area and drive to work. That is his choice.

I think I have made some case that the Income Tax Act does discriminate. I am also aware that the family aggregate method of filing income tax is not unknown in other countries. I am not saying that it is widespread. It may even be diminishing because it is in the government's interest to collect at least \$1,300 more from that man than if both he and his wife were working outside of the home and had their children in some daycare situation.

● (1610)

I do not think I need say much more about that; it deals in at least some ways with the (a) part of my motion. I am calling for the government to consider giving people the option of filing a single form or a joint family form in the aggregate, whether or not the wife is employed outside the home, simply because it is just and fair. If you do not do that, you penalize a lot of people who have made the choice that either the father or mother will remain at home and be involved in child-rearing, either because that is what they like to do or feel they do that best. In case anyone thinks this is somewhat of a slam against those who choose otherwise, I assure them it is not; but the tax system certainly does not favour the spouse for the purpose of child-rearing.

The second part of my motion has to do with a deduction and the way we handle our child care and day care system. I will deal briefly with section 63 of the Income Tax Act having to do with child care expenses. You can deduct child care expenses as long as they do not exceed \$4,000. There are other details, but it is essentially a deduction. I wish to underline the point that it is not a tax credit, but a deduction off the top. It is not \$4,000 you pay out for day care on the bottom, but a deduction from your tax payable at the top. If your income is \$10,000 and you have four children each with a \$1,000 deduction, your tax would be based on \$6,000 rather than the other way, the tax credit, which I do not need to go into in detail. Most members are aware that the tax credit is much more favourable, favouring lower-income people, than the deductability system. It is my view and the view of many others—is it the hon. member's view?

**Mr. Deans:** Yes.

**Mr. Rose:** The hon. member for Hamilton Mountain (Mr. Deans) shares the view that section 63 of the Income Tax Act does not, in terms of fairness, come to grips with the problem.

I have an independent study here. I will not quote from it at length. For an Ontario family of four with one child aged 12 and another 16, with a total income of \$7,000 or less, the total benefits under the three family support systems I referred to earlier, the net family allowance, the tax savings for exemption and the tax savings for child credit, amount to \$632. For the same Ontario family with an income of \$50,000, the total benefit is \$970. If that is not discriminating in favour of those with a higher income, I do not know what is. It is a fairly serious problem.

### *Income Tax Act*

Forty-nine per cent of the women in Canada in the child-rearing years are part of the work force. Of those between the ages of 20 and 44, over 60 per cent are in the work force. They represent parents of nearly three quarters of a million children under six years old. These mothers are working. That is a lot of children who are looked after by some kind of arrangement, often private.

Only 12 per cent of those children are in government day care centres. Where are the other 78 per cent? They are usually with their grannies, with neighbours or somewhere else. Some of the facilities may be excellent, but most are inadequate. They do not have trained child care workers to deal with these children.

There is a woeful lack of facilities. There is also a bias in the Income Tax Act which needs to be changed. The tax deduction system rises with the level of income. I already alluded to that in the quote I just gave. If you have little or no taxable income, you have little or no deduction.

The cost of daycare in Canada averages between \$2,500 and \$3,500 a year. That is far too heavy a burden for many families. They have gone the babysitter route due to the cost of government sponsored facilities. This is a serious problem.

Most of the money spent by governments through federal-provincial cost-sharing programs goes to the needy. Eighty per cent is used to support single parents in need of day care. We need to change the tax system from one of deductibility to one of tax credit in order to help other low and middle-income families.

I have with me, again supported by a great number of people, the Project Child Care study sponsored by the Metropolitan Toronto Social Council. Here are some recommendations from page 39. I direct this to the attention of Toronto members opposite. They suggest that alternatives to implementing the goals behind section 63 would be to replace section 63 with a tax credit and, second, provide an adequate supply of subsidized daycare. They say more than that, but I will not read any more of this study because time is getting on. They should encourage care-givers to view their operations as a small business by providing clarification of permitted deductions and help with preparing income tax returns.

In order to make the deduction you need to have receipts. As the hon. member for Calgary Centre (Mr. Andre) has said, there is a barter, an underground economy, in terms of tax or lack of tax collected through a cash system which does not allow for receipts. That is the reason it is done that way. That is why so few people can benefit from the deduction.

In both cases, the business regarding the joint return and the change in section 63 to allow for a tax credit, it is important because it has to do with tax advantages or tax discrimination against working people. I would be extremely grateful if the Department of National Revenue would study this and try to ameliorate some of these extremely serious problems on a personal level which have come to my attention. If my constituents are finding difficulty, I am sure the constituents of other members are as well. This is not like a \$100 million incentive to somebody to poke holes in the Beaufort Sea; it is a