

plan. The suggestions from Quebec, as well as those from Ontario and a number of the other provinces, have been helpful in bringing about improvements in the federal plan. The plan will both complement and supplement provincial income security payments and services and will provide for effective administrative co-ordination with provincial programs.

As a result of the review of the white paper proposals with reference to the family income security plan, a number of points have become clear.

First, the extension of the family income security plan to cover youth 16 and 17 years of age will be proceeded with now, thereby replacing the youth allowances program.

• (11:20 a.m.)

Second, the family income security plan benefits will not be treated as taxable income.

Third, the white paper suggested that benefits might be reduced by \$1 a month per child for each extra \$500 of income. The income "steps" that would result from this approach would create a certain disincentive for people to earn extra amounts that would put them on a lower "step". To smooth out the reduction rate and minimize this disincentive we think a more frequent adjustment is required, such as 30 cents or more for each extra \$100 of income, or even a few cents for each extra \$10.

Fourth, to make the benefits selective, some threshold level of family income must be established below which full benefits will be paid and above which benefits will be reduced as income increases. On balance, \$4,500 seems to be the most satisfactory level. The level of this income floor will need to be adjusted periodically as income levels change over time.

Fifth, as the number of children in a family rises, there need to be some adjustments in the income floor and the income ceiling. It is proposed that the income floor be raised by an additional \$500 for each extra child in a family.

Sixth, the ceiling or cut-off point for benefits for all families above \$10,000 proposed in the white paper will be eliminated. The ceiling for any family will depend upon the number of children in the family, their ages, and the reduction rate finally adopted. While the total number of families covered will be increased as a result of the changes planned, some families may be below and some may be above the ceiling that was set out in the white paper.

Seventh, the white paper proposed one maximum benefit rate—\$16 a month—for all children under 16, and did not indicate what might happen to the level of benefits for children 16 and 17. Now that the plan is to cover youth allowances it is proposed to have two different rates, one for those under 12 and the other for those 12 to 17, with perhaps \$5 differential between their monthly benefits. This could mean that the maximum benefit rate could be slightly below the \$16 a month figure for children 1 to 11, and higher than that rate for children 12 to 17.

Family Income Security Plan

[Translation]

Mr. Laprise: Mr. Speaker, on a point of order—

Mr. Speaker: Order. The hon. member for Abitibi on a point of order.

Mr. Laprise: Mr. Speaker, I am reluctant to interrupt the minister, but he speaks so fast that the interpreters cannot keep pace with him. If he would slow down a bit, it would be easier to understand.

[English]

Mr. Munro: Mr. Speaker, I will speak a little more slowly; my statement is just about finished.

Eighth, in order to make these improvements possible, an additional \$150 million will be recommended to Parliament under the family income security plan. With the plan extended to cover youth allowances as well as family allowances, this will mean that the total allocation of resources under the family income security plan would amount to about \$800 million.

The new family income security plan embraces the anti-poverty concept of selectivity by placing substantially larger sums in the hands of low-income mothers, and at the same time preserves a measure of protection for middle-income families. It is estimated that approximately two and a half million families will receive benefits under the revised plan compared with 2.2 million families under the white paper plan. About 900,000 families will receive the maximum benefits payable compared with 640,000 families under the earlier version. This will include the children of the working poor and of families on assistance, including most of the 150,000 mothers who are by themselves raising more than 300,000 children. It will be particularly helpful to families in communities where the amount of social assistance being paid is relatively low.

The federal government plans to introduce the new FISP legislation this fall, and will start paying benefits at the revised rates as soon as it is administratively feasible.

With these improvements we believe we have accommodated the wishes of the provincial governments. For example, we will be leaving sufficient flexibility for provinces to work out their own priorities as regards family policies. Increased benefits based on the selective principle will provide a substantial base on which provinces could build the kind of income support plan for children they prefer—be this a flat-rate or income-tested supplementary family allowance program, a social allowances program related to needs, or one related to income that establishes a different income level for each family size.

The plan can be co-ordinated with provincial social assistance programs and can assist them in the application of the needs test. A FISP improved along the lines we have suggested can be dovetailed with the proposed Quebec social allowances plan without interfering with its operations. It can also be co-ordinated with the complementary schooling allowances plan in Quebec.