

Income Tax Act

the Tax Rebate Discounting Act and established limits on how much tax discounters could take.

I note that discounters were allowed to keep a full 15 per cent on the first \$300 of a refund, which of course nicely matches the amount being advanced this time, and 5 per cent on any portion above \$300. For those receiving a little more than the tax credit and perhaps a provincial tax credit of some sort or another—and I am thinking of the one in Ontario with which I am familiar—the \$300 might well represent the larger part of what they were receiving. In fact 15 per cent of that or \$45 over a few weeks—and certainly it would be no more than two months or three months between the filing of the return and receipt of the money by the discounters—represents a very high rate of return.

● (1250)

What should have been done, as has been done in the United States, is to end this particular practice of discounting. The fact that two-thirds of those who were discounting tax returns had incomes under \$8,000 and that half of the discounted returns in 1984 involved child tax credits indicates something of the significance of the failure of the Government last year to put before Parliament a measure to end this practice. When I point out the further fact that almost \$20 million of the discounted child benefits ended up in the hands of discount firms—and \$20 million seems an outrageous amount of money which the Parliament of Canada had wished to put in the pockets of mothers for the sake of their children—is quite monstrous. That leads me to say that if the purpose of the provision this year is designed to prevent tax discounters from getting as much money then it represents a curious sort of thing.

On the one hand I have conceded that there is a gain to families. There is a sort of social gain from this change in administration, but it would seem to me that the obligation put on Revenue Canada to pay these cheques out is going to cost the Government something. If that were to be done only for the failure to deal fully with tax discounters, it would represent a very nice way in which millions of dollars is remaining in the hands of the tax discounters while the people of Canada have to pay the additional money for making these advances. If the purpose was to avoid tax discounting, then it is costing the Canadian taxpayer a good deal. If it is designed to put money in the hands of mothers at a time when they can use it and to spread out the payments early in the winter rather than at the end of the winter, it achieves its original purpose and of that I am not being critical.

Just looking at one particular item in the child benefit package can easily take our attention away from the entire problem that faces us. I would like to spend a few moments on other matters, Mr. Speaker. The increase in the child tax credit, and this particular change in the way it is administered, is a relatively small part of what the Conservative Government has done in the area of family benefits. We have had a great deal of talk about reform. We received from the Minister of

National Health and Welfare (Mr. Epp) early in 1985 a booklet setting forth various possibilities and suggesting the desire of the Government to make savings in some areas in order to focus the money better toward those most in need. That last phrase, the need of some Canadians over others, has been a refrain in all of this discussion. The tragic thing that happened through 1985 is that the actual decisions which the Government made in following through on this supposed reform did not lead to changes that saw the total budget in this area being better targeted. What we saw instead was a decision to reduce benefits and to use the saving in order to reduce the deficit of the Canadian Government. That decision, which was quite clear by the time the Finance Minister presented his Budget in May, 1985 and which the Minister of National Health and Welfare conceded when he spoke in the House in September, 1985, is one I want to explore. Though we see one particular decision on the child tax credit that is to the advantage of poorer Canadian families, other actions that have been taken on the family allowance, on the child tax exemption, even on the child tax credit itself in the long run, are decisions to the loss of Canadian families.

There was a year ago the struggle over deindexation of the family allowance itself. The Government had been severely stung, harshly attacked, and justly attacked in June, 1985, for its decision to deindex the old age pension. That battle the people of Canada won. We in the New Democratic Party and in the Opposition generally were pleased about that victory for the people of Canada.

The tragedy of the situation for children and for families was that the battle to prevent deindexation of the family allowance was not won. The Government insisted that in the future the inflationary increase in family allowance payments would be decreased by 3 per cent each year. At times when the inflation rate is only 4 per cent or so, that represents a deflation by three-quarters of the amount that the family allowance would grow. If we remain in the economic doldrums in which the country has been for some time, which is marked, among other things, by these lower inflation rates, we will see very significant decreases in the real value of the family allowance. We will see a dropping from over \$30 down toward \$18 over the next 20 years. That seems to me to be a very significant attack on Canadian families ultimately. It represents a fiscal spending decision in the Finance Department which contradicts all the rhetoric of the Government as far as its concern about families is concerned.

When we look at the child tax credit itself, we see a significant increase by \$70 this year, and we see plans to increase the child tax credit for 1987 and 1988. Then some of those other provisions kick in and we have the deindexation of increases in the child tax credit after that, with the result that over the years through the 1990s and after the turn of the century families will see that figure shrinking too.

For us in the New Democratic Party concerned about Canadian families in their various situations, not just the most needy but average Canadian families, the working poor all