

Income Tax Act

the family allowance to families will be reduced considerably. In 20 years it will be down to \$18 per month from the \$31.27 that it is today.

Let us consider the child tax exemption, which is another family benefit that is regressive. We advocated complete elimination of the regressive child tax exemption because it favours wealthier taxpayers who have children and does nothing for low-income families. The Conservatives did not say much about this measure. We proposed that the increased tax revenues which would be regained by the federal treasury should be used to increase the child tax credit and retain full indexation on the child tax credit and the family allowance. It was our view that the child tax credit was a much better program to assist families in a progressive way.

We proposed an increase in the child tax credit of 80 per cent, with full indexation. While we realize that this is a rather generous change, we believe that with the high cost of living for families and the importance of families in today's society in which parents must struggle, it is far more important to contribute money toward the care of children and the cost of raising them than putting it into subsidizing banks or other programs that we believe are not as deserving.

We would have increased the child tax credit to 80 per cent and fully indexed it, which would have been of great help, not only to low-income families, which seems to be the only group the Conservatives consider when talking about social programs, but of help to average families, including the working poor and ordinary families who are trying to find money to pay a mortgage.

We also advocated major tax reforms. The Hon. Member from the Liberal Party who just spoke asked why the Government is not telling us about possible tax reform. We have been talking about tax reform for many years, and we are just as critical of the Liberal Government as we are of the Conservative Government for introducing regressive tax measures. One particular Liberal measure took place in 1982 with the change in the marginal tax rate for upper-income Canadians. This occurred in the MacEachen Budget, as some of us who were here in the House will recall.

We have stated that simply returning to the pre-1982 marginal tax rate for upper-income Canadians would have brought in \$1.7 billion to the treasury and would have paid for many improvements to family benefits as well as child care and other important social programs.

According to the Conservatives, the child tax exemption was reduced and will continue to be quietly reduced by 50 per cent over several years. It will be reduced to the equivalent of the family allowance that is less valuable now because of deindexation. The fact is that the Conservatives retained this regressive tax measure because they did not have the courage to eliminate it altogether in the face of their friends in higher income brackets. If they had eliminated the child tax exemption it would have put more money into the family benefit package for low and average-income families.

I might also mention that when the Minister of Finance (Mr. Wilson) proposed this change and took 50 per cent of the money back from the child tax exemption, he did not mention anything about putting this into improved family benefits. Furthermore, he did not mention anything about the windfall that this change would give to the federal and provincial Governments. While this should have gone to enrich family benefits, of course, the Conservatives cut back on the indexation of the family allowance and child tax credit.

The Conservatives have a different attitude toward the child tax credit than the New Democratic Party. They believe that this is a measure which should only be targetted to those in greatest need. Those families in greatest need are generally very poor, with welfare rates of income far below the poverty line. The eligibility for the child tax credit does not really do much at all for the working poor and does absolutely nothing for average families who are also struggling to find money to pay their mortgages and raise their children.

The Conservatives lowered the income level for receiving the child tax credit. While they rave about having increased the child tax credit, they rarely tell Canadians that they lowered the eligibility from the \$26,000 income range to the \$23,500 level. This will decrease each year because the Government has also deindexed the child tax credit. According to some of the research we have obtained, only families earning some \$13,800—a low income indeed—will be eligible for the child tax credit in 20 years. Again, this makes a mockery of a sincere commitment to even the poorest of Canada's children.

The increase brought forward by the Government is really a token increase when one considers some of the provisions in the last two Budgets. The Government increased the child tax credit by \$70, to \$454 in 1986. It will give \$300 of this as an advance payment next month as a result of this Bill. While the child tax credit increase to \$524 by 1988 is a step in the right direction, to some degree, when we consider the other provisions in those two budgets it really does very little for the other losses incurred by low-income families.

I am sure my colleagues will recall when families, particularly low-income families, were penalized by the 3 per cent increase in sales tax in the first Budget and the 1 per cent increase in the following Budget. The increase in the child tax credit has pretty well been taken up by the extra costs which families must pay for consumer goods.

● (1610)

Having listened to us at great lengths complaining on behalf of the consumers of Canada, in particular lower and middle income families, in its second Budget the Government made some changes. It introduced a refundable sales tax credit. This is the type of concept with which we agree. We believe tax credits are more progressive than income tax deductions because they can be extended to all low income families. It is ironic that a token gesture in financial terms will barely cover the 1 per cent increase in the sales tax levied in the last Budget, let alone cover the previous 3 per cent sales tax