

F. Federal-Provincial Negotiations

Members of the Committee were concerned that raising federal family benefits for the welfare poor could cause provincial governments to cut back on welfare payments, to minimize or eliminate the annual cost of living increases to social assistance payments, or to reduce or freeze minimum wages. We suggest that this possibility would require a federal-provincial agreement that any increase in federal benefits would not alter provincial benefits, future increases, or the formula for such increases. The Canada Assistance Plan, which governs financial arrangements for social assistance, could be altered to incorporate increases in federal benefits. Federal-provincial negotiations necessary for the implementation of this proposal should guarantee a commitment by the federal government and the provinces to alleviate poverty in families with children and that the GFS will in no way reduce, now or in the future, any provincial support. Otherwise, this exercise will be self-defeating. The Guaranteed Family Supplement should be non-taxable and could give choices to parents for the care of their children.

G. Conclusion

Many tax exemptions and deductions in the Canadian tax system are expected to change in the near future. Furthermore, on 30 March 1987, the Special Parliamentary Child Care Committee recommended changes to child care funding. We, also, argue for the elimination of child tax exemptions and deductions. Committee members are also fully aware that there are other tax exemptions which need to be reconsidered. But it is important for us to begin to restructure child benefits in order to create a more equitable system. We do not wish to imply that the expenses of childrearing are any less important than other tax exemptions or deductions recognized by Revenue Canada. On the contrary, children are our nation's most important resource and governments should assist all families to raise their children. But tax-related exemptions and deductions are not the best way of doing so, because they are of more value to those who are already financially better-off. We feel that family benefits would be most useful if directed to those families with lower incomes. This is why we are proposing a new way of delivering family benefits. We want to acknowledge the financial difficulties experienced by lower income families in raising children, and contribute to the alleviation of poverty in which so many Canadian children live. We are confident that a Guaranteed Family Supplement would accomplish these goals.