

Family Allowances

put on the provincial ministers, there can be no guarantee from them, and unless we use our influence, this will be nothing more than a paper change in distribution, not a real change. I am terribly concerned about that.

I am not making these points to filibuster the bill. I repeat that if I were the minister, there is no possible way I could accept these promises as a guarantee. To be fair to her, I admit that if I were in her place I do not know that I could get the ten provincial ministers to guarantee that either they or some of the bureaucrats in their social assistance departments would not be tempted to use this money for some other purposes which might be of assistance to people but which would not help the most needy group, those who live under the poverty line.

One of the things about which I am concerned is the definition of income as given by the minister in a statement at second reading of the bill, and also in the speech she gave in St. John's in September, when she said:

The new program means—

Referring to the tax credit of \$200 for children under the poverty line up to an income of \$18,000, this amount being reduced as the income increases. She went on to say:

—that next year in Ontario a two child family making \$7,000 will get \$264 more, a family making \$15,000 will get \$229 more, while a family making \$30,000 will get \$52 less.

Surely the minister believed that when she said it. Accompanying the October baby bonus was a schedule according to which families making \$26,000 to \$30,000 will receive nothing. This was signed by the Minister of National Health and Welfare. However, when the income tax people got to it, they changed the definition of income which she had spelled out so that deductions from income, for example for the registered retirement savings or registered home ownership plans will allow people making \$30,000 and over to get as much as \$200 per child in certain circumstances under this bill.

I am saying to the minister that if she has not yet corrected that, it should be corrected now, because by deducting registered retirement savings or registered home ownership contributions from income tax, people with much higher incomes than those specified by the minister will be able to get the full benefit of \$200 per child. Can the minister tell me whether or not I am correct?

Miss Bégin: I think there are two points in the question. First I should explain the apparent disparity between the information contained in the insert mailed with the October baby bonus and that contained in my speech in St. John's regarding net income. In fact there is no disparity. The insert which went out with the baby bonus in October contained a chart of the amounts of the child tax credit according to family income and number of children. In the quotation read by the hon. member from the speech which I gave in St. John's, I gave as an example the situation of a family at the end of the year. It showed the loss of the tax exemption of \$50 and the reduction in family allowance, and it expressed the net result at the end of a given year, while the insert in the family

allowance envelope simply provided a table specifying the amounts of credit under the new program. It did not do the accounting for the whole year in a family's budget.

The second question asked by the hon. member was why net income was used and not any other measure. We had the choice between three measures of revenue used in the income tax form. We could not choose—and that is understandable because it would have created insurmountable problems as to what the definition should be. On the tax form first you state the total income, from which you subtract employment expenses and other expenses provided for under the Income Tax Act and whatever is subtracted from your pay cheque. Thus you arrive at the take home pay or, in other words, the net income. In order to arrive at this, one must subtract UIC payments, CPP payments, Quebec health insurance payments, payments under the registered retirement savings plan or under the registered home ownership plan, and so on. Also, depending on who gives what to whom, you have to subtract alimony and child maintenance payments, before arriving at the net income.

So the measure we have chosen is the take home pay. Another third possible definition could have been the taxable income, which is the net income minus personal tax exemptions and other tax exemptions per se. We decided that the net income—in other words, the take home pay—was the best measure because it reflects the real family budget; and second, it is the measure used in figuring out the GIS and the measure used by provincial welfare programs of all sorts. Also, it was the concept used in the federal proposal of two or three years ago for supplementary benefits. It permits many small, middle class families in need of financial help to obtain these benefits.

When the hon. member criticized the exemption of the registered retirement savings plan or the home ownership plan, which in practice has benefited people with some money as opposed to those who are really poor, I might say that he is partly right. But let me point out also that it benefits many average Canadians. I do not have the chart with me but this can be checked. I think this will really help many low and middle income families, those in the grey area which, to our regret, are not covered by the GIS. In our opinion this is the best measure and it is in line with the one used in all the social programs.

● (2042)

Mr. Hogan: Mr. Chairman, maybe I just do not understand the minister. In order that the financial people around her can confirm this, let me put the question in this way. We have a bill now before us which provides a reduction in the amount of credit for some families with an income of over \$18,000, while allowing the full credit to other families with incomes approaching \$30,000 because of the effect of the deductible provision in our income tax system. Is that right or wrong? This deductibility provision allows people who are in the higher income brackets to take advantage of such things as the registered retirement savings plan and so on.

[Mr. Hogan.]