

Family Allowances Act

Ms. McDonald: Mr. Speaker, I am puzzled by the way the Hon. Member has managed to say all these things in favour of increasing child support. Could he explain how it was that the Liberals, when in Government, allowed the family allowance to decline? It was given a shot in the arm during the minority Government of 1972 to 1974 when the NDP insisted that it be increased, but other than that it has substantially declined.

The Hon. Member referred to regressive taxes. We are certainly against regressive taxes but it was a Liberal Government which reduced the marginal tax rate on wealthy individuals and increased the giveaways to corporations. Therefore, how does the Hon. Member manage to justify this principle of being in favour of progressive taxes when his Party has done the reverse?

The Acting Speaker (Mr. Paproski): I will allow the Hon. Member one minute to respond.

Mr. Benjamin: Where were you when we needed you?

Mr. Foster: Mr. Speaker, I always hear the NDP taking credit for old age pensions and their indexation, taking credit for family allowances and their indexation, and taking credit for the child tax credit. I do not remember the NDP actually being in power federally. If it is responsible for all these things why was it not in power?

Mr. Benjamin: We will take the credit anyway.

Mr. Foster: It was the Liberal Government which did these things and put them in place. As the Hon. Member for Regina West (Mr. Benjamin) says, the NDP did not do these things; it just likes to take credit for them.

Mr. Benjamin: That is right, and we kicked you into doing them.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated.

Mr. Benjamin: On a point of order, Mr. Speaker. As a former famous football player, I ask you if Hon. Members, in responding to questions during the last 10 minutes, are allowed to call time out and take three minutes to say nothing?

The Acting Speaker (Mr. Paproski): I do not think I should answer that question. I would like to recognize the excellent Member for York East (Mr. Redway).

Mr. Alan Redway (York East): Thank you, Mr. Speaker, I appreciate that. I appreciate as well the opportunity to address a few remarks in connection with Bill C-70, an Act to amend the Family Allowances Act of 1973. This Bill has been repeatedly characterized by the Opposition over the past day or two as the Bill which deindexes family allowances. In fact, as all Members of the House realize, this Bill is only one part of a three-part package which deals with family benefits generally. The three parts include changes to family allowances, changes in the child tax credits, and changes in the child tax exemption under the Income Tax Act.

● (1630)

I think it would be great to have all of these items before us at the same time to enable us to debate this issue in its totality. Unfortunately, that is impossible under the rules of procedure of the House. Coming from a municipal council background, as I do, it disturbs me that we cannot deal with an issue in that way. In municipal councils all of the issues revolving around a particular problem can be dealt with at one time. That points out, only too well, that we need further changes in the rules of procedure of the House.

The three-part package which I referred to has been the subject of much debate and scrutiny over the past number of years by a great many social agencies. There is now an organization called The Social Policy Reform Group which represents a coalition of four of those groups. It has been calling for substantial changes in this area for the past few months. It has called for three specific changes. The first is for a substantial increase in child tax credits. The second is for the elimination of child tax exemptions under the Income Tax Act, partly to provide funding for increased child tax credits, and partly because of the inequity of people earning higher incomes receiving more benefits than people earning lower incomes. The third thing they have been saying is that family allowances should not be modified and should continue to be fully indexed.

The net result of all the changes that they are proposing would be that people earning lower incomes would receive a greater net benefit than people earning higher incomes. The reason given for requesting these changes is that under the present system, which was established by the past Government, a family earning an income of \$30,000 a year receives greater benefits than does a family earning only \$10,000 a year. The Government recognizes that this is an inequity and it has been the subject of a great deal of debate in the committee relating to this matter. Therefore, the Government has acted in these three areas.

The Government has made changes in the child tax credits. In fact, in line with what was suggested by The Social Policy Reform Group, the Government has increased the child tax credits. They will increase from a maximum of \$384 for a child to a maximum of \$524 for a child in 1989. After that they will not decrease, as many members of the Opposition have been saying they will, but will continue to increase with modified indexing.

The child tax exemption is going to be changed too. It will not be eliminated, as is advocated by The Social Policy Reform Group and some Members of the House, but will be reduced in stages from the current level of \$710 to \$382 per child in 1989. Those reductions will generate additional funds which will allow for the increase of the child tax credits.

The third thing that will happen with be a partial deindexing of family allowances. Presently the family allowance is \$31.27 per month per child. That will not decrease or be eliminated. In fact, if inflation is in excess of 3 per cent, it will continue to increase. The net effect of those three measures will be exactly what has been suggested by The Social Policy