

discussion of 1989 that laid the groundwork for the first non-communist government in Poland.

Mr. Slisz was elected senator in June, 1989, and became Deputy-Speaker of the Senate. He was re-elected in October of 1991. He heads the Polish Peasants Solidarity Party, which combines strong attachment to the church with grassroots rural and farmers' interests. Welcome.

Hon. Senators: Hear, hear!

ORDERS OF THE DAY

INCOME TAX ACT

CHILDREN'S SPECIAL ALLOWANCES ACT

FAMILY ALLOWANCES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Mira Spivak moved the second reading of Bill C-80, to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act.

She said: Honourable senators, the 1992 proposals for child benefits contained in Bill C-80 are the latest in the number of changes that have been made in the Canadian system over the years.

It has been suggested that these proposals should be seen as within or part of that historical context. Mr. Ken Battle, President of the Caledon Institute of Social Policy, in his appearance before the Commons committee laid out the traditional arguments for Canada's child benefits system that go back to the 1920s and the 1930s and resulted in the first form of child allowance, the Family Allowance Program.

The universalist position or argument for child benefits is that of parental recognition. Child benefits are meant to help acknowledge the contribution that all parents make to Canadian society in raising children, the future citizens of our society.

The second notion behind child benefits, historically, is that of horizontal equity. Child benefits should recognize the financial burden on families with children as opposed to households without children at the same income level.

The third, and the strongest, argument at this point in time is the anti-poverty objective. Child benefits should help to fill the gap between wages and income needs of families with children.

Fourth, there is economic stimulus. This notion prevailed at the end of World War II to prime the pump at that time to ease the transition from a wartime to a peacetime economy.

Social analysts, of course, have pointed out that various changes to child benefits have not always been consistent with these objectives. But they have always been the underpinnings, the philosophical background of the system, and what I

would like to think of as the particular Canadian flavour of our democracy.

Bill C-80, the latest of these changes, is designed to replace an existing patchwork of legislation concerning child benefits geared to assist families with children. Specifically, the family allowance, the non-refundable child tax credit and the refundable child tax credit would all be eliminated and a new child tax benefit would be created. The present equivalent to married credit would continue to be available to single parent families for the first child.

The existing federal system has been criticized on a variety of grounds. Since it comprises a variety of measures introduced at different times for different reasons, and often independently of each other, we have some benefits based on family income, others on individual income, some delivered monthly and others annually.

The family allowance introduced initially as a purely universal program in 1945 to recognize the social value of child bearing and rearing and to assist families in raising children was changed in 1974 to make the family allowance taxable as ordinary income. At present, for 600,000 higher income Canadians family allowances must be partially or fully repaid to government when they file their income tax returns.

It is interesting to note that some of the criticisms made of the government's present proposals were made of the then universal family allowance plan in the 1970 study entitled, "Income Security for Canadians". That paper expressed dissatisfaction with the family allowance as a means of relieving poverty -- the payments were too low and did not direct enough help to lower income families.

Since it was deemed that it would be disastrously expensive to increase the then existing allowances to an amount that would be significant for lower income families, because it would have to be paid to all families, an entirely new approach, it was said, was needed, that is, the targeted approach. That approach, known as the FISP proposal was not adopted at that time. Rather, a proposal which made family allowances taxable was adopted in 1974. The refundable child tax credit was introduced in 1979 to provide additional financial assistance to low and middle income families in raising dependent children.

Other criticisms directed at the existing system, and which led to the present proposals, are the following: As the White Paper states, benefits are delivered piecemeal in three different ways—a family allowance cheque mailed monthly, an annual child tax credit that reduces tax liabilities, and a refundable child tax credit mailed as a lump sum payment after tax returns are assessed, although some families receive partial prepayment in November.

There are different eligibility criteria for each program. For higher income families, there is the cumbersome process of having them receive monthly payments for a year and then having all or most of that money recovered at tax time.