

Family Income Security Plan

of the current calendar year instead of based on the previous year's income which is the usual case. So far as escalation is concerned, to ensure that FISP remains a significant program, arrangements have to be made to ensure that the income floor and benefit levels remain relevant as prices and incomes rise. To achieve this objective, periodic reviews by the Governor-in-Council will be made on the recommendation of the Minister of National Health and Welfare of the basic income floor and the maximum monthly benefit rates.

• (1410)

Perhaps I might now refer to the impact of the FISP proposal in terms of families affected. Full benefit under FISP will go to 1,249,000 families, or 35.5 per cent. Partial benefit under FISP, in terms of those who will be better off than under the present family allowances program, will go to 623,000, or 17.7 per cent of the total number of families affected. Partial benefits under FISP will go to families who will still be no better off than they were in terms of family allowances. This will happen in the case of 585,000 families or 16.7 per cent. Then, we have the total in respect of full and partial benefits, in other words, people who will be receiving all or part. This will involve 2,457,000 families or 69.9 per cent. Nil benefits will go to approximately 1,050,000 or 30.1 per cent. This is out of a total number of families of 3,516,000.

I should like to give an example of how this would work with reference to a family with an annual income of up to \$5,500 having three children aged 7, 9 and 14. They receive under the present family allowances a total of \$240 a year or \$20 a month. Under the FISP proposal, that family would receive \$600 a year or \$50 a month incremental income. So we can see from an example such as this what a significant impact this program will have in terms of incremental assistance to those families in the lower income groups.

Mr. Speaker, I should like to refer to some well known authorities as a basis for the decision of the government to bring in FISP at this particular time. I shall refer to some submissions to the Senate Committee on Poverty. First of all, I shall refer to the submission of the Economic Council of Canada. I will paraphrase what the council had to say before the Senate Committee on Poverty. The Economic Council of Canada states that it is difficult to discover an authoritative statement of the fundamental objectives of the family allowances program in the circumstances of today. That, of course, has reference to the present family allowances program. Further, the Council states that this is not to say that family allowances and other long-established programs are not continuing to serve some highly useful purposes, but these purposes should surely be re-examined in the light of the many important economic and social changes in the last generation. One of the great uncertainties is the extent to which the existing structure of policies in fact constitutes an attack on poverty, the extent, that is, to which its benefits flow to those most in need.

I refer to another brief by a highly renowned body which is concerned in the social area, the Canadian Council on Social Development. I shall paraphrase its submission to the Senate Committee on Poverty. The Council believes that the ideal approach to a reformed family allowances

program is a general family allowance plan that takes care of a substantial proportion of child rearing costs. The net benefits should be related more closely than now to other income resources.

I now refer to the brief of the province of Ontario, and again I am paraphrasing. The province is vitally concerned with the problem of the working poor, who are primarily low income families with children. Such families receive family allowances but their incomes are still inadequate for their needs since the allowances are not sufficient to raise their incomes to the poverty line. The needs of the poor are real. The leakage in the family allowances system cannot be justified in terms of public acceptability, simplicity of administration or a dubious anonymity. If the family allowances system is retained, it should be converted to a selective system which provides meaningful benefits to the poor and the near poor.

Then we have the brief by the province of New Brunswick, which reads:

We believe it is essential that additional funds be invested in children to ensure that they have the capacity to compete, on an equal basis, during the years when they are obtaining the education and skills that are so important if they are to lead productive lives.

In terms of human resource development, we do not think there is any group that is more important.

The use of family allowances would go some way to solving the policy problems associated with establishing adequate minimum wage levels; establishing adequate welfare benefit levels; and providing strong incentives to work. Minimum wage levels, unemployment insurance benefits, and Workmen's Compensation Board payments all reflect the earning potential of the family head. They do not take into account the size of the family and its relative need.

A restructuring of the family allowances program provides a means for ensuring that adequate levels of assistance can be provided under a needs tested welfare program without at the same time removing the incentive to work for employable persons with large families.

If the increased allowances were combined with changes in the Income Tax Act designed to remove the benefit from those that do not need it we do not think the over-all cost would be great.

Now, I shall paraphrase the submission of the Canadian Labour Congress. For over a generation, Canada has recognized the problem of the cost of rearing children. Family allowances were introduced to supplement wage income in that connection since wages are not geared to family size. The value of family allowances has been seriously diminished by the fact that the scale of benefits has remained virtually unchanged since the introduction of the legislation in 1944. In the meantime, wages and salaries, prices, living standards and expectations as to such standards have risen very considerably. Accordingly, the role of family allowances as a contributing factor toward the well-being of the family with young children has gone down. We are not concerned with those families where wages, salaries or other income are adequate and where the family allowance benefit is no more than a minor supplementation to the total income enjoyed by the family. We are concerned about families with low incomes and particularly so where families are fairly large. In those circumstances, family allowances should play a much more important role. It is not simply a matter of increasing benefit rates. We believe that our family allowances system should be reviewed in order to cope more

[Mr. Munro.]