

To understand the sense of betrayal of Canadians, there is no better example than the sleight of hand performed by the Prime Minister and the Government over child and elderly benefits. Could anyone have predicted that the Conservative Government would act in such an underhanded manner, playing games with the trust of Canadians, flip-flopping on the most basic promises?

[*Translation*]

First, the Mulroney Government fails to live up to its commitment not to reduce social spending.

In the famous consultation paper tabled last January concerning child and elderly benefits, we were promised, and I quote:

Any net savings which may then remain, whether resulting from reductions in expenditure or additional revenues, should be applied to other priority concerns in the social affairs envelope.

No such savings—

—and I emphasize this—

—should be transferred to deficit reduction.

All we need do is read the first sentence of the speech delivered by the Minister of National Health and Welfare (Mr. Epp) to appreciate the complete about-turn of the Mulroney Government in the space of four months. A week ago, in his remarks to introduce this Bill, the Minister said that the Government announced its intention to restructure the federal child benefit system to provide greater assistance to families with lower incomes while at the same time moving to bring our national debt under control.

The Mulroney Government says one thing in January and does the opposite four months later. No wonder the Government has lost public support.

All told, Mr. Speaker, the Budget will reduce by half a billion dollars the benefits that had been earmarked for families from now until 1990.

[*English*]

That the Government reneges on its promise not to cut social spending is one thing but what is worse is that the combined effect of the Budgetary measures hurts poor people more than the rich. It is hard to believe that in 1985, a Government would table such a regressive and anti-social Budget.

[*Translation*]

The Bill provides that, starting in 1986, family allowances will be indexed only on that portion of the inflation which exceeds 3 per cent. Hon. Members will know that family allowances now amount to \$375 a year and are fully indexed to the cost of living. The Government is therefore making the families pay for the first 3 per cent of inflation.

The child tax credit will increase, but fewer families will be eligible as the level of family income at which the tax credit begins to diminish will drop from \$26,330 to \$23,500 beginning in 1986. The Women's Health Center located in my constituency has stated the following:

Time Allocation

The consequence of the proposed reform will be to minimize and marginalize family allowances which are the only true form of completely universal benefits and to give more importance to selective types of benefits such as the tax credit.

I should add that fewer families will be eligible to the tax credit.

The budget also announced a number of other tax changes, changes to the tax exemption for dependent children, to the federal rebate, to basic personal exemptions, to tax deductions, to registered pension plans and to Registered Retirement Savings Plans or RRSPs.

The National Council on Welfare, in a study report published last July, showed that the combination of all those measures is punishing lower- and middle-income families while benefiting rich families.

An Hon. Member: A Government for the haves.

Mr. Berger: Tax deductions allowed to the rich for registered pension plans and RRSPs—and it is important to understand that—make up for losses due to changes in child benefits and tax credits, with the result that the budget is reducing taxable income in the case of rich families.

In its calculations the National Council on Social Welfare uses as an example a working couple with two children and makes a comparison between poor families (\$15,000 income), middle-income families (\$35,000 income) and rich families (\$80,000 income).

Over the next five years, poor families will lose \$1,879, while rich families will only lose \$1,125. Where is the justice, Mr. Speaker? We dare not even mention middle-income families. They are the big losers, to the tune of \$3,452.

[*English*]

The National Council on Welfare also analysed the effect of the Budget on single parents. I am particularly distressed by these results because of the impossible situation of most single-parent families and because in the riding of Laurier there is twice the national average of such families. Almost half of single mothers were below the low-income line in 1983 and their average income of \$17,585 was only 44 per cent of the \$39,554 average for two-parent families. These stark figures would seem to be evident to everyone except Members of the Conservative Government.

I would remind you, Mr. Speaker, that the rich one-parent family with \$60,000 per year in revenue actually ends up some \$404 ahead after the Budget. The poor one-parent family with \$15,000 in average income will lose \$1,844 between 1986 and 1990. The middle income family with an average income of \$35,000 will lose \$3,504 over the same period of time.

• (1230)

I would like to point out that the analysis of the National Council on Welfare only takes into account the Budget's changes to child benefits and the personal income tax system. It does not analyze the effect of increases in consumer taxes,