

Family Allowances Act

The Decima Research poll further stated:

Two-thirds of respondents said the budget will not lead to a fairer tax system, while 27 per cent said it will result in a more equitable tax system.

Clearly, two-thirds of Canadians thought that the Budget was not a fair Budget. The article continues:

In addition, 77 per cent of those polled said they believed they will pay more taxes as a result of the new budget.

All of the aspects of the Budget which cut into family benefits are harmful, but the worst part of the Budget is that I do not believe it will result in the economic growth which the Government has claimed. In fact, the Government's own estimates in the Budget project that the economic growth, which was some 4.7 per cent in 1984—it was actually 5 per cent in Ontario—will be some 2.4 per cent in the year 1986, which is about half of what it was in 1984. The Budget will really start to impact then because all of the additional taxes will be in place and the drag on the economy will be felt even more than it is now. That is not surprising because regressive taxation, taking that amount of money away from low and average income Canadians, is bound to have a negative impact on growth and consumer spending.

Last spring, when we were in the Budget debate itself, I read that a family of four earning \$15,000 a year in 1986, will pay \$162 more per year. That same family will lose some \$22 in family allowance. The Budget is simply an attack on average and low income Canadians. If we look at that same family of four and project ahead, because all of these things, the deindexation, the personal exemptions and the income tax scale are all cumulative over the years, by the year 1990, that family of four with the \$15,000 a year income, will pay some 36 per cent more in income tax. But a family in the \$200,000 bracket is able to take advantage of the capital gains exemption and so on and will actually pay \$2,352 less in taxes. Surely this is a very unfair scheme. This Bill on family allowances which is before us today is an integral part of the whole budget process.

I commend the Minister of Finance (Mr. Wilson) for making an exception to a number of the sales tax items for health care needs and drugs and so on, but I feel he really needs to take another look at the family allowance benefits and the deindexation in his Budget because, surely, if taxing health saving drugs and medical supplies is clearly wrong and improper, then deindexing the old age pension is equally wrong and will be harmful to Canadian families. Therefore, I hope the Government will change its mind on these items, just as it has on other items in the Budget and allow this motion for the six months hoist which has been put forward by the Hon. Member for Sudbury (Mr. Frith), to be carried.

Mr. Benjamin: Mr. Speaker, I would like to ask my good friend, the Hon. Member for Algoma (Mr. Foster), if he would be prepared to comment: When the six and five program was debated, which he mentioned in his speech, which in effect deindexed family allowances, did he or did he not support the six and five program? And would the Hon. Member explain the holier-than-thou attitude of the Liberal Party now for something it did when it was in power?

Mr. Foster: Mr. Speaker, the six and five program was instrumental in reducing inflation to less than 6 per cent and 5 per cent. There was really no loss in revenues to Canadian families in the family allowance or the old age pensions. Clearly, this Budget's provisions, which deindex old age pensions and family allowances, directly benefit very high income groups and the large multinational oil companies. But it is the low-income families who are going to be the most hard hit. According to the secret document put out by the Department of Finance, low-income families over the next five years will have to pay \$4.3 billion due to the deindexation of the personal income tax exemption. Young couples in the lower income range will lose the benefit of RHOSPs. The whole thrust of the Budget is an attack on low-income families.

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Mr. Benjamin: That was not my question.

Mr. Foster: Well, I have outlined in some detail how this Budget attacks low-income families, and in such a strange way. It seems to me that if the Government wanted to wind up RHOSPs, which I do not agree with, and if it wanted to give the economy a tremendous boost, it should have said that people had to put the money into a home or major appliances for the home. That would have given the economy one of the greatest boosts it has ever received but, instead, the Government just said that people can take the money and transfer it to some other saving program. There was no economic benefit and the Government loses the taxes on that money.

The Acting Speaker (Mr. Paproski): I believe there is another question for the Hon. Member.

Ms. McDonald: Mr. Speaker, the Hon. Member has certainly said many fine things in favour of support for families. Does he agree that families need support more than just indexation of family allowances? Would he agree that the child tax credit ought to be increased very substantially as the NDP has recommended?

Mr. Foster: Mr. Speaker, everything I have said indicates that our Party favours improving benefits for families. Clearly, the child tax credit is less regressive than other means of taxation. That is the problem with the whole Budget. It is not improving the progressive aspect of our taxation system because so many of the taxes are very regressive. An example of that is the 2-cents a litre or 9-cents a gallon gasoline tax. It is very regressive for people living in the northern and western parts of our country. They have to travel longer distances. As well, the Government is imposing \$1 billion worth of new taxes. We have the sales tax on health care and personal hygiene products and non-prescription drugs. The 1 per cent sales tax which the Government will impose on farmers next January will cost them \$11 million in 1986.

We are faced with a very regressive tax regime and the deindexation of family allowances is part of that plan to increase taxes and reduce benefits for low and middle-income Canadians.