

Income Tax Act

showing clearly that poor families and low-income families are paying more taxes today, more direct taxes than they did two years ago, to a large extent as a result of that obsession, of that inability of this Government to sympathize with the needs of those families.

Mr. Speaker, I shall return later to economic matters, but let me simply say that we have supported the Bill introduced by the Government because it is at least a small step in the right direction. We would have liked them to have taken a big step, to make a strong statement—

An Hon. Member: They are Conservatives!

Mr. Gauthier:—but they are Conservatives, Mr. Speaker, as we know, and Conservatives are people who are overly cautious and who almost have to be pushed before they make a move.

So we are going to push the Government again, we are going to try and push them in the right direction and let us hope, Mr. Speaker, as Liberals with a sense of optimism, that someday we will get a chance to implement programs that will truly meet the needs of the Canadian people.

Mr. Deputy Speaker: Questions or comments. Resuming debate. The Honourable Member for Kitchener (Mr. Reimer).

• (1540)

[English]

Questions or comments? Debate.

Mr. John Reimer (Kitchener): Mr. Speaker, I am pleased to add a few comments to the debate on third reading of this Bill. I would like to begin by reviewing a few of its very specific proposals.

The Bill provides for a pre-payment of \$300 per child for families with a net income of \$15,000 or less, based on information provided in the 1985 tax return. This measure will help some 700,000 families across Canada, and some 1,500 to 2,000 families in my riding. Fortunately it will not affect as many in my riding as it might in some others because over the past six months we have had either the lowest or second lowest unemployment rate of any riding in Canada.

The pre-payment will take place in November. That is an excellent time because it arrives just before winter and Christmas when, obviously, parents want to provide some extras for the children. The \$300 payment represents about two-thirds of the maximum child tax credit available to these families for 1986.

Another very good feature of this measure is that the people affected will not have to make application for the pre-payment, thereby avoiding a possible bureaucratic delay so they can get it into their hands and make use of it. Of course, they will receive the remaining one-third of the child tax credit when they file their 1986 return. Therefore, when we look at the Bill

and those it will help, obviously it is a very good and responsible action on the part of this Government.

Let us look at the Bill in the context of what the Government has done since it came into office in 1984 concerning the family allowance, the child tax credit and the federal sales tax credit. I heard the Hon. Member for Ottawa—Vanier (Mr. Gauthier) trying to paint a picture of a reduced family allowance payment. That is not correct. We have in fact brought in a lower increase to the family allowance but we have not cut it. If inflation is running at 4 per cent, as it currently is, the first 3 per cent will not be covered. Only the amount beyond 3 per cent. At present that would mean an increase of 1 per cent. In 1985, the family allowance amounted to \$31.27 per child. Assuming an inflation rate of 4 per cent and adding 1 per cent per year, the family allowance in 1988 would be \$32.22, an increase of 95 cents. If we had retained indexation, it would have increased to \$35.15 in 1988, or an increase of \$3.88. In both cases it is an increase, not a decrease as the Hon. Member for Ottawa—Vanier was trying to suggest.

We have to look at the action taken by this Government on family allowances in the context of what it did with the child tax credit. In 1986, we increased the payment per child under the child tax credit by \$70. In 1987, there will be an increase of \$35, and the same in 1988. Taken together, these two measures mean an increase in money to the people who need it most when compared to what would have happened had we simply stayed with the indexation which the Opposition talks so much about. We are in fact adding \$140 over those years to the child tax credit. The net gain for these families is \$93.44. Obviously, we should give all of the facts and put them in their proper perspective.

Another action we took in the 1986 Budget was to recognize that the increase in the federal sales tax in the 1985 Budget and the 1986 Budget would adversely affect those earning less than \$15,000 annually. We took that into account and brought in what is called the federal sales tax credit which would again provide to this same family \$50 per adult and \$25 per child. For a family of four the federal sales tax credit would amount to \$150.

I submit that if we take these three actions together, we have more than compensated for what we did through deindexation. If members of the Opposition want to address these issues, they have to address all three of them together.

This action demonstrates that we have a Government which, while restoring fiscal responsibility, cutting spending and reducing the deficit, has at the same time not forgotten those in need. In fact, the total impact of all of our policies has resulted in some very important and positive benefits.

When we listen to some members of the Opposition it is really a matter of hearing faint praise. They get up and say this is not a bad measure, there is some good in it, and then for the next 15 minutes they talk about all the bad things in it, or the things we could have done. All of us agree we would like to