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INCOME-SECURITY PLAN IMPROVED

Before Parliament adjourned for the summer, Mr. John Munro, the Minister of National Health and Welfare, gave a progress report to the House of Commons on the improvements being made in the proposed Family Income Security Plan as a result of the extensive discussions held with the provinces in recent months. His statement follows:

Visits were made to all provinces by the Minister and his officials at the time the White Paper was placed before Parliament last December, in order to outline and discuss the nature and scope of the federal proposals with provincial ministers and their officials. A federal-provincial conference of welfare ministers was held in January at which the proposals were further reviewed and the views of the provinces were obtained. On the basis of their suggestions and others that were received from interested organizations and individuals, the Government made a number of important changes in its proposals for the Family Income Security Plan. The Minister and his officials then visited the provinces again to discuss these modifications. Some further adjustments in the proposals resulted from these talks. Another meeting

of welfare ministers was held in early June to afford the provinces an opportunity to discuss these and other matters relating to income security. It is now expected that it will be possible to complete very soon this discussion phase inherent in the White Paper technique and to proceed with the drafting of legislation.

The Federal Government has endeavoured to ensure that the federal plan would fit into provincial priorities and social policies. This has been especially true in the case of Quebec, which is the only province that has a supplementary family allowance plan, administers its own youth allowances and has proposed a selective family allowance program along the lines of the federal plan. The suggestions from Quebec, as well as those from Ontario and a number of the other provinces, have been helpful in bringing about improvements in the federal plan. The plan will both complement and supplement provincial income security payments and services and will provide for effective administrative co-ordination with provincial programs.

RESULT OF WHITE PAPER REVIEW

As a result of the review of the White Paper proposals with respect to the Family Income Security Plan, a number of points have become clear:

(1) The extension of the Family Income Security Plan to cover youth 16 and 17 years of age will be proceeded with now thereby replacing the youth allowances program.

(2) The Family Income Security Plan benefits will not be treated as taxable income.

(3) The White Paper suggested that benefits might be reduced by \$1 a month per child for each extra \$500 of income. The income "steps" that would result from this approach would create a certain disincentive for people to earn extra amounts that would put them on a lower "step". To smooth out the reduction rate and minimize this disincentive we

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