

• (1250)

With this bill, two universal payment plans are being replaced by a family income security plan based on the guaranteed income concept. The role of FISP is important. FISP benefits will provide a basic income for each child upon which can be built additional supports as deemed appropriate by provincial or municipal authorities. We know that unemployment insurance does not make any special provision for children. Neither do old age security, the guaranteed income supplement, the Canada Pension Plan retirement pension or war veterans allowances. Thus, FISP is designed to help families in the lower income groups.

Perhaps it would be possible for me now to deal with some of the details of the FISP proposals. The federal government has tried to ensure that the federal plan fits in with provincial priorities and social policies. Quebec, which has been closely involved in this, is the only province with a supplementary family allowances plan. And, as we know, Quebec administers its own youth allowances. Quebec has proposed a selective family allowances program along similar lines to the federal plan. The extension of FISP as envisaged in this bill will cover youths 16 and 17 years of age and will replace the youth allowances program. Benefits under the proposed legislation are not treated as taxable income.

The white paper suggested that benefits might be reduced by \$1 per month per child for each extra \$500 of income. We find after discussion with various people that a provision of these lines might act as a disincentive. The plan, therefore, calls for an adjustment of 30 cents for each \$100 extra of income.

**Mr. Knowles (Winnipeg North Centre):** Isn't it 33 cents?

**Mr. Munro:** It works out in terms of percentage.

To make benefits selective, an income floor of \$4,500 is established below which full benefits will be paid and above which benefits will be reduced as income increases. The income floor is raised by an additional \$500 for each extra child in the family. The ceiling or cut-off point for benefits depends upon the number of children, their ages and the reduction rate. Benefits are, as I indicated earlier, \$15 a month for children under 12 and \$20 a month for children aged 12 to 17 inclusive. Two and a half million families will receive benefits. Nine hundred thousand families will receive maximum benefits. This would include children of the lower middle income groups and children of families receiving social assistance as well as most of the 150,000 mothers who are, by themselves, raising more than 300,000 children. It will be particularly helpful to families in communities where the amount of social assistance is low.

By this measure the government will be committing \$820 million to the FISP proposals, a sizeable increase over the amount now expended on family allowances.

**An hon. Member:** How much is that?

**Mr. Munro:** Roughly \$650 million.

The scope of the new FISP proposals is such that it replaces both family allowances and youth allowances.

### *Family Income Security Plan*

The plan takes into account the number and age of children in a family. As far as coverage is concerned, all children under 18 are covered. As far as benefits are concerned, I have already indicated what they will be. In connection with the reduction as income rises, I have indicated that benefits per child are reduced in one-child families with incomes above \$4,500 a year and in two-child families with income above \$5,000 a year. The income floor rises by \$500 for each extra child. The plan introduces a reduction rate of 33 cents per child per month for each extra \$100 of income, or \$1.65 for each \$500, above the floor set for families at that size.

The maximum income in one-child families beyond which no benefits are paid is \$10,560 if the child is between the ages of 12 and 17 and \$9,045 if the child is younger than 12. In the case of two-child families the figures are \$11,060 and \$9,545. For three-child families, if the children are aged between 12 and 17—and there is a mixture here between 12 and 17 and under 12—the figures are \$11,560 and \$10,045, and so on by \$500 intervals. I repeat that FISP benefits are not counted as taxable income.

The House would perhaps be interested to hear what is counted as income in the determination of benefits. The income of a person includes all items of income subject to tax, plus unemployment insurance, scholarships and bursaries, adult training allowances and Canada Pension Plan and Quebec Pension Plan, orphans and dependent children's benefits. It does not include social allowances based on a means or income test. Family income is the income of both parents or substitute parents except in the case of separation or divorce or unwed motherhood. Where the adult members of the family contribute to family income, only the income of the adult responsible for maintaining the child and that of the spouse would be counted.

**The Acting Speaker (Mr. Laniel):** Order. I regret having to interrupt the hon. minister, but it being one o'clock I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

### AFTER RECESS

The House resumed at 2 p.m.

**Mr. Munro:** Mr. Speaker, before the one o'clock break, I was referring to what was included in the calculation of income to determine the benefits which would be payable. I mentioned that it does not include social allowances based on a means or income test. Family income is the income of both parents or substitute parents, except in the case of separation, divorce or unwed motherhood. Where the adult member of the family contributed to the family income, only the income of the adult responsible for maintaining the child and that of the spouse would be counted. So far as the basis of calculating income is concerned, we have endeavoured to avoid the hardship to recipients with declining incomes. Options will be permitted allowing the substitution of an estimate of income in the calendar year of 12 times the average monthly income in the remainder