

### *Family Allowances*

on pensioners have, we believe, gone a long way towards improving the lot of our citizens aged 65 and over.

Bill C-211, now before the House, is directed at the other end of the age spectrum—at our citizens who are under 18 years of age. To mitigate the effects of rising prices, Parliament recently approved an amendment to the Family and Youth Allowances Acts to increase the monthly allowances paid in respect of dependent children under age 18 from an average of \$7.21 to a flat \$12 per month effective in October. The bill now before the House proposes to almost triple the pre-October average allowance payment from \$7.21 monthly to an average of \$20 monthly, with effect from January 1, 1974. This increase will mean greater benefits for over 7½ million children in over 3½ million Canadian families.

Family allowances were first introduced in Canada in 1945. In that year the allowances were set at \$5 for children up to 6 years of age, \$6 for children aged 6 to 9, \$7 for children aged 10 to 12 and \$8 for children aged 13 to 15. The Family Allowance Program in 1945 was additional to the system of income tax credits for dependent children of taxpayers that had been in operation since 1918. The two measures were, however, closely co-ordinated. That is, the Income Tax Act required the return of certain amounts up to 100 per cent of the family allowance payments received, according to a graduated formula taking into account family income and size. In 1947, this approach was modified to repeal the tax on family allowances and to provide different exemptions depending on whether children were qualified or not qualified for family allowances. The original exemptions were \$100 for a child qualified for family allowances and \$300 for a child not so qualified. In the intervening years these exemptions have been increased and revised to \$300 for children under 16 years and \$550 for a dependent child of 16 years or over.

In 1957 the allowance rates were changed to \$6 for children up to 10 years of age and \$8 for children aged 10 to 15. The 1956 Family Assistance Program was revised in 1962 to provide the same level of benefits for the children of immigrants during their first year in Canada. Youth allowances of \$10 for dependent children aged 16 and 17 who are in attendance at school were introduced in 1964. Finally, family and youth allowances were raised to a uniform benefit of \$12 monthly effective October 1, 1973.

The original Family Allowance Program was introduced for the purpose of giving a maximum measure of income support to families to help ease the financial burden of bringing up children and to provide a measure of equal opportunity for children regardless of a family's economic situation. The objective of the new family allowance program is to provide a supplement to the income of Canadian families in such a way that those with the greatest need will receive the greatest benefit.

● (1610)

The increased allowances were proposed in the working paper on Social Security in Canada which I tabled in this House on April 18 last. In the working paper a family allowance increase was put forward as part of what we have called an "income supplementation" strategy. This strategy is one of five strategies advanced by the government of Canada as the basis upon which a general federal-

[Mr. Lalonde.]

provincial review of social security policy might be undertaken.

At the April 20 Federal-Provincial conference of welfare ministers it was generally agreed that the propositions put forward in the working paper would provide an appropriate basis for a social security review. There was also unanimous agreement among the ministers at the conference that first priority in reforming the Canadian social security system should be given to increases in family allowances.

[*Translation*]

Mr. Speaker, this bill is important for several reasons. First, it represents a major step in the reform of Canada's system of social security. It is the initial phase of a program of income supplementation for those Canadian families whose earnings from employment are insufficient to support the family unit, for those families whose breadwinner simply cannot find employment, and for those families whose breadwinner cannot or is not expected to work, such as disabled persons and single-parent families.

It is estimated that there are 327,000 families with children under 18 who can be classed among the "working poor"—families whose earnings are not considered sufficient to support the family unit. There can be several reasons for this.

As hon. members know, income from employment does not ordinarily take account of family size. The family's breadwinner may be working part time at or near the minimum wage but even if he or she works full time at this wage, the earnings are not sufficient to support more than one or two dependents. Second, the breadwinner may be able to obtain work only on a seasonal or intermittent basis and is not able to earn enough to meet the minimum income needs of the family. For these families, it is a constant struggle to try to keep off the welfare rolls. These families continue to work because of their pride in their ability to make their own way and because they do not want to lose their respect for themselves.

The tripling of family allowances will go some considerable way in providing more income to assist low-income families in meeting the costs of caring for and educating their dependent children.

Another significant feature of this measure is that it will permit a province to vary the family allowances paid within that province in relation to the age of children or the size of family or both, but not in relation to family income, provided there is an act of the provincial legislature which establishes what the variation should be. This approach would thus involve two parallel sets of legislation—one passed by the Parliament of Canada and one passed by a provincial legislature—both of which would regulate the family allowances to be paid in that province. Before differential rates can be paid in a province, however, the Minister of National Health and Welfare would have to satisfy himself on two counts: first, that the family allowances to be paid in the province would average \$20 per child over a three-year period and, second, that an allowance of not less than \$12 per month would be paid in respect of any individual child.

At this point I would like to emphasize again what I have stated several times in this House. Although the