

gling to survive. It should reform the tax system, by all means, so that the well to do and the rich are paying their fair share and are taxed back for the benefits they receive as a result of universality. It should increase the child tax credit by 80 per cent to ensure that more tax revenues go to families in greatest need. Above all, it should not fight the deficit on the backs of those who can least afford it.

Mr. Paul Gagnon (Calgary North): Mr. Speaker, it is a pleasure to address the House on Bill C-70. I have listened with some anticipation to the debate on this matter. I find that the Opposition has a total disregard for the truth in this Bill.

I should like to refer to what we inherited as a system. For example, a single-parent family in Ontario with two children and a zero family income receives from this whole system \$1,484, whereas a similar family with an income of \$50,000 nets \$1,048 from it. In other words, the wealthy net 71 per cent of the amount netted by someone truly in need. The system which we inherited last September 4 from the Liberals is not a fair one. We cannot look at this whole system in a vacuum. It is really three separate distinct parts. There is a family allowance portion which is the cash which comes every month; there is the child tax credit and the child tax exemption. The family allowance is available to residents of Canada independent of the recipient's income. The rich get it and the poor get it. These benefits are taxable so they are of the greatest value to people on low income and are of progressively lower value as the income rises.

● (1640)

The second section of this over-all system is refundable tax credit which is a selective program in which a level of benefits is determined according to family income and above a specific threshold the assistance is phased out. Thus this program targets assistance to low-income people and less to the modest-income families.

The third segment of this over-all program is the child tax exemption which reduces the taxable income and thus provides benefits in proportion to the applicable margin rate. It helps the most affluent of our society.

Mr. Speaker, those are the three segments. Let us talk about what this proposal does. First, the child tax credit will be increased, commencing in the 1986 taxation year, by \$70 per year per child. It will be increased a further \$35 per child per year for each of the years 1987 and 1988. That Mr. Speaker, gives more money to the needy and in conjunction with this child tax credit the threshold is being lowered so, because of this modification, there will be less money available to the affluent of our society. The family allowance portion, that cash portion, is still universally available and will continue to be indexed for any consumer price index increase in excess of 3 per cent. The third segment, that exemption for dependent children, is currently \$710 per child. It will be reduced until it is equal the value of the family allowance.

What do all these three things do? Basically it means that more money will go into the hands of the needy and less money

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will go into the hands of the affluent. Specifically, if you make a comparison of somebody earning \$10,000 or less in family earnings, they will get an extra \$328 per year per child between what they get in 1985 and what they will be getting in 1989. Conversely the affluent families earning \$50,000 or greater in family earnings will decrease their benefits by \$284. We have one increasing by \$328 to the needy and the affluent decreasing their benefits by \$284. I ask you, does this program help the needy? Yes. Is it less help for the affluent? Yes.

Mr. Speaker, I am very strongly in support of this program.

Hon. Bob Kaplan (York Centre): Mr. Speaker, I am glad I finally have the opportunity to stand up and say a few words against this particular feature of the Budget and against this procedure of the Government, the idea of having closure. We are now in a debate which is subject to time allocation as a way of preventing, I submit, our fellow Canadians from finding out what really is in this Budget. That is the reason we were so strongly against closure in the first place. That is the reason why the motion has been made by my colleague, the Hon. Member for Sudbury (Mr. Frith), to give the country some time to realize what is happening in this particular budget provision.

The Hon. Member across the aisle who just spoke was talking about the round one implications of this Bill. But, of course, the Bill has an impact on a number of policies that affect payments and tax credits for families over the next few years. To have talked about only the initial impact of the legislation is to misrepresent it. When one looks at the effect of this legislation over the next four, five or six years as the deindexing feature takes hold, what becomes apparent, and I wonder if my friend has the courage to recognize this and to admit it, is that those low-income families who initially benefit from an increased tax credit end up, with the impact of deindexing, further behind four years from now than they would have been if the Government had not bothered to bring this legislation forward.

It is not legislation to help poor families. It is legislation which gives a good talking point in year one, but by year four those very poor families to whom the Hon. Member opposite advertised and proclaimed this great reform will be further behind than they would have been if this budget measure had not been introduced. That is why we are standing up to oppose it. We want the poorest of Canadian families to know that this beneficent Government is looking to them and to some others over the next five years for a saving of over \$11 billion in payments which would otherwise be going to families in Canada if the Government would take our advice and withdraw this feature of the Budget.

We do not think, of course, that it is as bad as the measure that they introduced for senior citizens, the one in which the deindexation caused near riots across the country and united senior citizens, maybe for the first time, to come forward and demand that that aspect of the Budget be withdrawn and that their contribution to and their interest in Canadian society be considered. If I can put it this way, they demanded that they be given a voice and be allowed to say what they felt should be