

**Mr. Reid:** Mr. Speaker, since we have moved so quickly with the disposition of this bill, I wonder if I might ask whether there is consent to proceed with second reading of the bill to amend the Family Allowances Act and the Youth Allowances Act.

**Mr. Knowles (Winnipeg North Centre):** I would be willing, Mr. Speaker, but might I be pardoned for asking whether the bill has been printed and circulated?

**Mr. Reid:** Mr. Speaker, I understand the bill has been printed and that there are copies readily available.

**The Acting Speaker (Mr. Laniel):** There are copies of the bill available. Hon. members have heard the suggestion of the hon. parliamentary secretary. The bill received first reading this morning and the House can only proceed with second reading now by unanimous consent. I would ask whether there is consent to proceed today with second reading.

Some hon. Members: Agreed.

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## FAMILY ALLOWANCES ACT AND YOUTH ALLOWANCES ACT

### AMENDMENTS TO INCREASE PAYMENTS

**Hon. Marc Lalonde (Minister of National Health and Welfare)** moved that Bill C-223, to amend the Family Allowances Act and the Youth Allowances Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

He said: Mr. Speaker, this bill is to effect a fuller reform of family allowance legislation, and I hope it will receive second reading before long. For that reason I will limit my remarks on this interim measure to a brief outline of the intent of the bill and the reasons for it being introduced at this time.

[Translation]

First of all, Mr. Speaker, I should like to put this bill in its proper perspective, that is within the scope of the program which the government has already announced to protect the purchasing power of Canadian consumers. Thanks to the steps outlined therein, we hope to control, at least to some extent, the effects of inflation which Canada, like most other countries of the world, has been recently experiencing.

This bill has been devised to put to better use the mechanisms already available to meet the needs of the Canadian people. Like many other nations throughout the world, Canadians are now suffering the first consequences of inflation, especially in the area of food costs.

The government has already drawn up a program to protect against the corrosive effects of inflation on the purchasing power of all pensions and allowances paid under federal plans. We have already worked out a program to that effect. Old age security pensions and the guaranteed income supplement are now entirely geared to the increase in the consumer price index and the measures

### Family Allowances

now before Parliament will provide for a quarterly increase starting next month.

Payments under the Canada Pension Plan will also be completely revalorized to reflect the rise in the consumer price index, subject to the provinces' approval, as required by the Canada Pension Plan legislation. The new payments will come into force on January 1, 1974.

The House has just given second reading to the bill introduced by my hon. colleague the President of the Treasury Board (Mr. Drury), bill providing for the full escalation of pensions paid by the government of Canada to its retired employees on the basis of the full increase in the consumer price index.

So it is normal that we examine the plight of another group of society, the three and a half million families which are responsible for seven and a half million children and adolescents. No need to remind my colleagues that last July I introduced the reform bill on family and youth allowances. My colleagues will recall that among other amendments the bill featured an increase in family allowances at an average monthly rate of \$20 per child.

That program, which was introduced before the House in July and is subject to approval by parliament, will come into effect next January and further represents an important innovation in the field of universal benefits. As every one knows, it grants the provinces the power to amend family allowance rates on the basis of either age or family size or both at the same time, each province determining the variation best applicable.

That latitude is subject to two conditions, that the rate variation be set so the average payment in any province be equivalent to the national standard, that is to say \$20 per child per month, and that the minimum for a child be \$12 a month.

Furthermore, under this bill the allowances are escalated on the basis of the cost of living which consequently ensures further increments.

To allow the provinces to determine their own variation if it is their intention to avail themselves of this latitude, we set the middle of October as the deadline for them to make known to us the nature of their respective decisions. As for us, we will have the time required to adjust the rates of each variant of our administrative system and with the consent of the House, we could, as expected, begin making payments early in 1974 under the bill introduced in July.

The time necessary to develop the administrative mechanisms and to consult the provinces cannot be reduced further. It would not therefore be realistic, in order to cope with the present situation, to enforce immediately the reform of family allowances. What we need rather are special measures and it is precisely a special measure that we are considering today.

The exceptional increase in food prices confirms the urgency of passing such provisions.

[English]

When one considers that a family of four with an income of above \$10,000 spends approximately 16 per cent of its budget on food, while the same sized family with an income of less than \$4,000 spends closer to 28 per cent of