

On October 16, I asked the Minister of National Health and Welfare (Mr. Epp) if he was aware that the child tax credit itself was to be deindexed so that the so-called replacement would be a very temporary one indeed. In reply, I received a denial of the problem, and a rather rude denial at that. Let me quote from the Minister's response:

Mr. Speaker, if the Hon. Member has read the Budget and Bill C-70 she will have seen that the child tax credit will be increased. I suggest she look at those figures.

This rather smug put-down is totally unwarranted. Bill C-70 has nothing to do with the child tax credit. It deals with the deindexation of the family allowances. The child tax credit is not even mentioned in it. I did look at the Budget papers and I will quote from them:

The child tax credit will be indexed to increase in the CPI in excess of three percentage points.

This is found under the section entitled "Taxation Year 1989 and Subsequent Years". This is a polite, euphemistic way of saying that from 1989 on there will be a deindexation of the child tax credit. That is, the indexing for the cost of living will only be in excess of 3 per cent, so that every year from 1989 on the child tax credit will lose 3 per cent of its value, just like the family allowances.

[Translation]

The sad truth is that the Government will reduce those three child assistance social programs. First to go will be the family allowances, as of January 1, 1986. Next will be the child tax exemption, and this cutback will take effect the following year. Finally it will be the child tax credit. It is true that the child tax credit will be increased, but only on a temporary basis. The child tax credit is now worth \$384 a year for each child. It will go up for a while, but in the case of families eligible for the full tax credit, meaning low income families, in nine years the tax credit will be worth less than it is worth now.

If we add up family allowances and the child tax credit we find out that, beginning in 1991, those families will be getting less Government assistance than they do now, including the poorest families in Canada, where one child out of five lives under the threshold of poverty, yet even those families are under attack by the Conservative Government. I am ashamed to say this is the situation in a country as wealthy as Canada!

What does deindexing mean? It means a loss in value. Families will receive a check because the Government does not dare eliminate the child assistance program just like that. Unfortunately, the monthly family allowance check will not buy much. Its value will have been cut nearly by half within 20 years. In current dollars, it would represent about \$17.50 a month per child.

The child tax credit will be worth the equivalent of \$276 in 20 years compared with the present amount of \$384.

[English]

The Government of Canada, the Prime Minister (Mr. Mulroney) and the Minister of National Health and Welfare are

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not being honest with the people of Canada when they say that the family allowance reductions will be replaced and that the poorest families will be better off with its programs. It is simply not true. All families are being attacked. Even the poorest families will be worse off with the deindexation measures. There will be a decline year after year in the value of our social programs. Fewer families will be eligible for receipt of the child tax credit, which is another point the Government is reluctant to make. Fewer families will qualify for whole or partial aid, thanks to deindexation. This is a serious matter. It is important for the people of Canada to speak up now to oppose this drastic Draconian government measure of attack on the families of Canada.

● (1815)

[Translation]

**Mr. Claude Lanthier (Parliamentary Secretary to Minister of Finance):** Mr. Speaker, it gives me pleasure to reply to the noble question asked to the Hon. Minister of National Health and Welfare (Mr. Epp) last October 16 and repeated this evening by the Hon. Member for Broadview-Greenwood (Ms. McDonald), who wondered whether the minister of family and welfare was aware of the fact that the child tax credit would be reduced by so-called deindexing.

First, I wish to repeat that the first objective of the restructuring of family tax benefits undertaken by the Government as announced by the Minister of Finance (Mr. Wilson) in our Budget last May is to ensure that these benefits and any benefit increases will be directed at those who really need them. Under the restructuring or readjustment of family tax benefits which will be phased in over the next three years, the child tax credit will effectively increase from \$384 in 1985 to \$524 in 1988.

Indeed, in 1986, the tax credit will be increased by \$70 and it will then increase by \$35 a year during the next two years. Consequently, to insure that these very necessary increases will be directed towards the most needy families, the annual income level above which the tax credit will begin to decrease will be lowered from \$26,330 to \$23,500 for the 1986 fiscal year.

However, in cases where the inflation rate would be too high, the effective value of that tax benefit might decrease, as a result of a limited indexation. It is very important at this point to remind all Hon. Members that when tabling his budget last May, our able Minister of Finance (Mr. Wilson) stated, and I quote:

[English]

The Government will review the inadequacy of payments in light of future circumstances and will increase them as resources will permit

[Translation]

Mr. Speaker, if and when those increased opportunities materialize, I am confident, as I am aware of the Minister of Finance's social concerns, that available funds will be ade-