

Family Allowances Act, 1973

In closing, I want to summarize again the NDP's position on Bill C-132. We strongly support the continuation of universal family allowances and strongly request that full indexing of these allowances be continued and that they not be restrained by six and five cutbacks. We believe that old age pensions and Family Allowances are now considered by Canadians to be the basic foundation of our Canadian society. There is no doubt about it. They represent an economic stabilizer as well, and certainly will fill an economic need. We believe that we must not retreat from universality or apply a means test which relegates such programs to being welfare benefits rather than as a basic human right.

Therefore, we oppose Bill C-132 which imposes six and five restraints on Family Allowances because it is the first step by the Liberal Government in eroding universal Family Allowances. It asks families, particularly mothers, to pay for Liberal mismanagement of the economy, providing very little financial recovery in exchange for the damage which it may very well cause. It ignores tax reforms and other Government economies which would provide needed income and savings during this time of economic recession.

We will oppose the Bill for the same reasons that we oppose Bill C-131. It is a senseless attack on the basic social security programs. It turns people with children into scapegoats. It increases the value of the income tax tested portion of the program, the child tax system, at the expense of the universal portion, the Family Allowance. It permanently reduces the level of benefits to families at a time when two million Canadians are unemployed, three million Canadians live at poverty levels, and the costs of raising a family are the highest in our history.

Some Hon. Members: Hear, hear!

Mr. Maurice Foster (Algoma): Mr. Speaker, I am glad to have an opportunity this afternoon to speak on Bill C-132. I would like to consider it particularly in the light of the Government's six and five program, a program which has been very well received by the Canadian people. I believe that the Gallup polls, which tested public opinion on the program in September, indicated that some 65 per cent or 67 per cent of the people supported the six and five program. I especially want to mention the legislation here this afternoon relating to Family Allowances in conjunction with the Income Tax Act because upcoming legislative amendments will ensure that low and moderate income families with children are compensated via the Child Tax Credit for the reduced cost of living increases in Family Allowance benefits over the next two years in which this Bill will be in effect. By this action, the Government is demonstrating that it is concerned about family incomes and about families with children.

Indeed, it is fortunate that the Government introduced a refundable Child Tax Credit in 1978. This progressive Program was born of difficult economic times, but not as difficult as those we face in the country today. Therefore, it is only fitting that this vehicle should help many Canadian families with children during the current economic struggle. This program has been tremendously successful in the past and I

think the Government should be commended for bringing in the Child Tax Credit in 1978.

Hon. Members may wonder why I am speaking about the Child Tax Credit Program when the legislation before us this afternoon is Bill C-132, the Family Allowances Program. It is true that the increase in the Child Tax Credit will be accomplished through the amendments to the Income Tax Act. However, I very strongly feel that Hon. Members cannot responsibly debate the Family Allowances legislation without considering the corresponding changes which have been made to its close relative, the Child Tax Credit Program. Further, if the two pieces of legislation were examined in isolation, Hon. Members could inadvertently mislead and, indeed, unnecessarily alarm Canadian mothers in low and moderate income families. I am quite sure that none of the Hon. Members here would not want to do that this afternoon, although I do not really recall the two Hon. Members opposite commenting that, in fact, two-thirds of the families and mothers would, in fact, receive as much or more under the two combined Programs. The Child Tax Credit was introduced into the tax system in 1978 because the Government recognized that not enough financial assistance was being directed to low and middle income families with children, especially when compared with the considerable tax advantage offered by the income tax system to those in the higher income category. The Government knew that the best way to increase assistance on behalf of children was through a re-allocation of resources from within the child benefits sector. This was accomplished, first, by reducing the Family Allowances, effective January, 1979, to \$20 per month from the figure at that time, which was \$25.68 payable through 1978; second, by phasing out, over a two-year period, the higher child tax exemption for children 16 and 17 years of age, starting with the 1979 taxation year and, finally by eliminating the \$50 per child federal tax reduction for 1979 and subsequent taxation years.

When the Child Tax Credit Program first began, the maximum credit available on behalf of each child eligible for the Family Allowance was \$200. Families in which the net income of both spouses was \$18,000 or less in 1978 qualified for the maximum credit. In the case of a single-parent family, this \$18,000 threshold applied only to the parent with custody. Families with incomes above the threshold received progressively smaller benefits as their incomes rose. Maximum benefits were reduced by 5 per cent of the amount by which the families' net incomes exceeded the \$18,000 base line.

The Government certainly received some criticism when it introduced the Child Tax Credit Program in 1978. However, many of the doubting Thomases were proved wrong when they said that the Program would never work, that mothers would not obtain the required social insurance numbers and that mothers would not apply for the benefit if they were fortunate enough to hear about the Program at all. As we all know, those fears were unfounded. Not only did Canadian mothers prove the critics wrong, they even surpassed the Government's best expectations. The participation rate for the Child Tax Credit