

Family Allowances

to provide for a child tax credit and to amend the Family Allowances Act—Mr. Chrétien—Mr. Laniel in the chair.

The Chairman: Clause 1 is under consideration.

On clause 1—

Mr. Martin: Mr. Chairman, if I may, I would like at the outset of our proceedings today to amplify one or two points which were raised last night. The hon. member for York-Simcoe pointed out that 1.9 million families will gain as a result of this legislation, and 1.7 million will lose. That adds up to 3.6 million families. The hon. member then stated that taxation statistics show that only 1.7 million tax filers reported family allowances. In fairness to the hon. member for York-Simcoe, he may inadvertently have misread the taxation statistics which show that some 3.3 million tax filers reported \$1.7 billion in family allowance benefits. In addition, there are about 300,000 poorer families who receive family allowances but who do not file tax returns.

Another point I would like to clarify is in relation to a request made by the hon. member for York-Simcoe for information on the financial implications of the proposed child benefit changes over the next four fiscal years. I indicated last night that indeed it is not a common practice in the House to provide revenue and expenditure projections beyond one fiscal year, but I should like to assure the hon. member, and all members of the House, that child benefit changes will be more or less self-financing in 1979-80 as well as in future years.

● (1602)

The expenditure savings through reductions in family allowance will remain constant in real terms over the course of time. The real value of child tax credits will also be maintained through indexing. Tax savings resulting from changes in exemptions for children aged 16 and 17 will also grow in line with inflation. Therefore the net impact of the proposed changes on financial requirements will really be marginal. The absolute dollar magnitude of each of the individual measures would depend upon the rate of inflation, incomes, and population growth, as well as other factors, as I indicated last night. I am not in a position to provide this breakdown beyond 1979-80.

Mr. Hnatyshyn: Mr. Chairman, at this stage of the consideration of the bill I should like to raise with the minister, who is now answering our question, some of the concerns which I think have been enunciated in a number of areas but which have been brought into focus in a press release which was recently sent out by the National Anti-Poverty Organization. I am not sure whether the minister has had an opportunity to see that press release today, but this organization, of which, I am sure, the minister is aware, has raised some very legitimate question with respect to the effect of this legislation on an unfortunately large element of our society, namely, the poor. I want to put some of these questions to the minister at this time in the hope that she will be in a position to give us some information and guidance on some of the points that are raised in the press release, and then perhaps the minister will

[Mr. Baldwin.]

be in a position to answer the points at the conclusion of my remarks.

One of the points raised by the organization is with regard to the method of paying the refundable tax credit in one lump sum. The organization points out that this could adversely affect welfare recipients' cheques, depending on how individual provinces view this tax credit. The organization points out that welfare recipients are also restricted as to the amount of money they may have in the bank, so it may prevent them from saving money. So the organization does not know what effect this will have on provincial programs such as GAIN in British Columbia, or on GIS payments to the elderly. It points out that there are many senior citizens who receive family allowances.

It is suggested in the press release that an option to permit quarterly payments would benefit some, while still allowing others to receive a lump sum payment which would give them the money they would need to make a major purchase. People who choose to have quarterly payments could use it to coincide with school vacation, the start of school, Christmas, etc.

The organization goes on to point out that the new benefit is of concern to NAPO because of lack of consumer protection, affordable financial counselling services, and the need for legislation to prevent exploitation through the policing of tax rebate discounting. This point has been raised on previous occasions—as I know from having heard it in the House and from reading *Hansard*—by many of my colleagues in the House. I would simply like to point out to the minister again this concern of the organization.

There is another interesting point which the organization raises, that is, that there are some groups of people for whom no policy has as yet been established. The organization refers to foster children, for example. For some foster children, it states it has been the policy to place family allowances in trust for their future. This income will now be reduced. The organization feels that losses sustained by these children should be compensated.

The minister will remember that during the question period I raised some questions with respect to social insurance numbers. NAPO makes some observations with respect to that.

Mr. Rae: Living in SIN.

Mr. Hnatyshyn: Living in fear of SIN would be the more appropriate phrase. The fact of the matter is that status Indians and the Inuit, as is pointed out by NAPO, are not required to pay income tax. There are many other Canadians who do not require a social insurance number at this time. The organization, therefore, questions whether or not these people will qualify for the refundable tax credit and whether the obtaining of SIN is a prerequisite for participation in this scheme. Another question in the whole debate about social insurance numbers is where precisely status Indians and the Inuit fit into the scheme.

The minister has told us on a number of occasions, both in the House and privately, that although she has no direct