

*Family Allowances Act, 1973*

As in the case of the old age pensions, Bill C-132 has made special provisions for those families eligible, and therefore most deserving of the Child Tax Credit. The Child Tax Credit was introduced by the Liberal Government in 1978 to provide special assistance to families earning less than \$18,000 a year. The amount of family earnings for full entitlement has since been increased to \$26,300 per year. As a one time effort under Bill C-139, \$50 will be added to the 1982 Child Tax Credit as a compensation in advance to low and middle income families for the reduction in Family Allowances over the two year restraint program. Of the 3.6 million families currently in receipt of Family Allowance payments, approximately 2.5 million families will not be adversely affected, due to the special temporary increase of a \$50 Child Tax Credit.

As an example, a family with two children and a yearly income of less than \$26,300 will receive the full Child Tax Credit of \$686, comprised of the basic \$293 per child, plus the special \$50 Child Tax Credit per child. The Child Tax Credit is applicable to a similar family on a diminishing scale with a family income of up to \$40,050. It is not Family Allowances that will be cut, as claimed by the Opposition. The anticipated increase will be reduced. Recipients in 1983 and 1984 will still be receiving more money than they did in 1982.

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To return to the example, only one third of Canadian mothers receiving Family Allowance will receive a smaller increase than anticipated for their child benefits in the coming two years. As stated, this reduction will be between \$1.40 and \$1.50 per month. Of course this Bill does not in any way affect the special allowances paid for children under 18 years of age maintained by Government care, such as through welfare agencies or institutions. They are fully indexed in both 1983 and 1984.

The results will be that expenditures through the Family Allowance program will have a net reduction of about \$93 million in 1983, and potentially \$154 million in 1984, depending on the decline in the inflation rate. The gross reduction is approximately \$115 million in 1983 and \$190 million in 1984. Of course the reason for the difference is the revenue lost in taxation.

At a time when national Governments are faced with the same set of economic circumstances as individuals, they are willing to cut their programs, and the largest expenditures are those to individual Canadians. I say this knowing that the Government does not want to cut expenditures, but, in this case, because of inflation and the need to reduce the rate of inflation, action had to be taken. I commend the Government for taking action. I do not think anyone would suggest that this was not a difficult decision to make. No one likes to have their income expectations reduced.

Only those families with incomes of more than \$40,050 will receive no Child Tax Credit. Families with income less than \$26,300 will receive the full Child Tax Credit. This will more than compensate for the reduction in the indexation of Family

Allowance increases which were anticipated in 1983 and 1984 before the six and five guidelines were put in place. It is my feeling that Bill C-132 will entrench the Liberal commitment to universality, while ensuring that the burden of restraint is not placed on those who are unable to bear it. The spirit is teamwork. Little has been taken from those who cannot afford a reduction in income; it has been more than compensated by the Child Tax Credit.

**Mr. Keeper:** Mr. Speaker, would the Hon. Member clarify for the House and for Canadians his argument about whether or not Family Allowance changes will mean any reduction in money to families? Does he realize, or is he aware of the fact that in 1981 Statistics Canada showed that family poverty had increased in the country for the first time since the early 1970s, that among those poor families the most significant increase was in number of single parent families, and that with the recession and the increase in unemployment poverty would balloon in 1982? Is he aware of the fact that there is increasing family poverty as a result of increased unemployment? When will his Government stop talking about inflation and start doing something about the need for employment so that people can have decent incomes?

**Mr. MacLellan:** Mr. Speaker, I appreciate the Hon. Members concern about low-income families, but the truth of the matter is that poverty has not increased in the country.

**Mrs. Mitchell:** How can you say that?

**Mr. MacLellan:** Those who are in need—

**Mrs. Mitchell:** Don't you know your riding?

**Mr. MacLellan:** Yes, I know my riding much better than the Hon. Member.

**Mrs. Mitchell:** Those figures were from 1980.

**Mr. MacLellan:** No, not at all. Those people who have lost employment certainly do not have an abundance of income, by any means, but unemployment insurance has been maintained. Job-creation programs have been escalated, and the actual poverty line is subject to change by anyone who wants to change it. In my opinion poverty has not increased. The income of those with higher incomes has been reduced, but poverty itself, as it was measured in the past, has not increased.

**Mr. Keeper:** I am rather surprised that the Hon. Member should deny the fact that family poverty has increased for the first time since the early 1970s, according to the 1981 figures of Statistics Canada. This is not a matter of opinion. They are statistical figures, analyzed by competent economists and researchers with the Canadian Council on Social Development. Poverty has increased, and one of the clear indications of that fact is that there are now more workers who are heads of families, who traditionally had jobs, than ever who are unemployed; in numbers unknown in recent times. How can the Member sit in this House, or travel in this country and come to the conclusion that poverty has not increased?