

the 1986 base is \$26,803. That is going to be a major incentive for people to work. Similarly, a single parent in Ontario can make \$12,480 at full-time employment. They will get \$1,520 for their child benefit, an increase of \$500. They will also get a full equivalent to married tax exemption and they are eligible for child care expenses. Admittedly, they would not get very much there but they will not pay any tax at all. Therefore, they are going to be getting \$14,000 tax free, which is a very substantial improvement over where they are now.

• (1640)

The statistics in the book look at averages and they are sometimes misleading. What you really have to do is look at how it affects people individually. The biggest problem we have in Canada is trying to help people to work and to make it fairer for people to work. Our problem is not in keeping people happy and productive at the very upper end of the income level. Our problem is helping people at the lower end to become active and participating members of the community. If they can go out and work and earn an income that is above the poverty line, their children will be a lot better off and have better opportunities. They can earn the minimum wage, work hard and they can move up the ladder and can eventually attain quite a good income.

We had recommended a guaranteed earned income supplement and suggested a federal-provincial task force to design it. Very cleverly the finance department has been able to develop a system that makes use of the existing family allowance identification system and simply meshes information from the tax form to the family allowance so that cheques can be sent out on a monthly basis. The cheques will begin in January 1993, assessed on the basis of this year's financial situation.

Many people have been unemployed this year and their situation may be worse than it will be next year, but they will be getting those benefits in the first three months based on the income they received this year. Next year they will get it based on the income they have next year. Therefore, instead of people going through the tax system and being assessed through that means, it is giving it before on the basis of the last tax forms so there will not be the need for a mathematical change at

the end of the year. They have already assessed the money. I think it is very cleverly done.

In Ontario we are looking fairly good right now as far as the poverty situation is concerned. We have welfare incomes at a basic needs level. It is about 65 per cent of the poverty level, substantially higher than most provinces in the country. Eight out of ten provinces do not have welfare at the basic needs level. This is a problem we have to address in order to give equal opportunity to children across this country. This was also a recommendation of our poverty report.

The concept was that welfare would cover basic needs. Quite clearly there are enormous gaps. New Brunswick has the worst situation. It is well under 40 per cent of the poverty line. Around 60 per cent is the basic needs level.

Our concept was that the federal child benefit would be on top so that there would in fact be an adequate income for families to look after their children, something that would allow for discretionary needs beyond basic food, shelter and clothing.

While nothing additional has been given to the welfare recipient in this budget, a structure has been put in that I think is appropriate. I would, of course, have liked to see something more at the bottom end for welfare recipients and the child benefit but given our financial situation, I think this is a good start.

I believe the minister will be meeting with ministers of the various provinces and, hopefully, working to get some kind of national standards for welfare. It is important to have the gap between welfare and the working person. People have to be better off when they are working in order to have the incentive to work. Therefore, I think you need to have that kind of gap. Of course the New Democratic Party has a very different concept. They still have the gap, but what they would like to have is the minimum wage that is 60 per cent of the average industrial wage, which would be about \$8.10 per hour. I think that would create poverty in this country such as we have never seen. I think the entire retail sector would be wiped out. I do not think, to be realistic, that we could possibly conceive of an \$8.10 minimum wage in this country. I think going up to a minimum wage in each province at the low income cut-off and to welfare at a basic needs level, as well as this program that helps the