

Private Members' Business

• (1825)

This bill proposes additional measures to assist families with preschool children. Under the proposed bill families could reduce their tax burdens by transferring \$25,000 from a working spouse to a spouse who is managing the family home and is caring for at least one preschool child.

The bill is intended to provide several benefits for families with young children. As I understand it the intent of the bill is that many spouses with low incomes could then afford to quit their jobs, stay at home and care for their children. This would reduce the family's child care expenses, free up day care spaces, and create additional employment. The hon. member suggests that all this would happen at no material cost to the government.

Let me suggest some revenue losses. The revenue losses associated with this proposed measure would actually be substantial for both levels of government. In fact the Department of Finance estimates that the revenue losses for federal and provincial government could approach \$1 billion annually.

Here let me remind all members of Canada's fiscal challenge. On a per capita basis we are one of the most indebted nations in the industrial world. That national debt built up by governments spending more than they earned limits our ability to create new jobs and sustain economic growth. It pushes up interest rates, hampering investment, and hindering our ability to succeed and grow in a world that grows more competitive with every passing day.

In short, any measure before us must be evaluated in terms of whether it adds to our deficit and the tax burden it imposes on all Canadians. Unfortunately the proposal would likely do just that. To implement Bill C-256 without affecting our financial position, we would either have to increase other taxes or find corresponding expenditure reductions elsewhere. Ironically, these revenue losses would occur because the proposed measures would not solely benefit those families to which they are directed.

In particular tax benefits would flow to families not currently saddled with day care costs. Instead thousands of families where one spouse already stays at home to provide care for young children would automatically receive the tax savings. In these cases no additional day care spaces and no additional jobs would be freed up.

In addition, revenue losses could occur if Bill C-256 increases the tax benefits to working couples without actually changing their working status. For example, consider what would happen if proposed tax savings were greater than the value of the child care expense deduction they currently claim. Some two-earner families might then forgo claiming the child

care expense deduction to remain eligible for the measure proposed in Bill C-256.

There are other unintended consequences that passing this bill could impose. Among them is the fact that eventually families which benefited from the proposed measure would suffer a significant drop in disposable income.

The income drop would occur when their children began full time attendance at school. At that point these families would no longer be eligible to split the income of the higher earning spouse. The resulting tax increase would reduce their disposable income.

Significantly, the income drop would arrive when the family could least afford it. Again, as parents among us will know the costs of raising children increases as the children grow older.

Of course one could argue that to cover these increased expenses the stay at home spouse could merely go out and find a job. Unfortunately as the 1.5 million-plus unemployed will tell you it is not all that easy to rejoin the labour force, particularly for someone re-entering the workforce after a protracted absence during which skills have either been diminished or become obsolete.

In conclusion, the issue of support for families and especially for children is one that the Minister of Human Resource Development is considering as part of his wide-ranging proposals for renewal of our social safety net. We should not undertake this process with legislation that could well miss the mark.

While the intent of Bill C-256 is admirable, I believe its flaws severely outweigh its benefits.

The Deputy Speaker: Colleagues, it is almost 6.30. The hon. member for Mississauga South will close the debate.

Mr. Paul Szabo (Mississauga South): Thank you, Mr. Speaker. I want to thank all hon. members who took part in the debate. It is obviously very important that we have this exchange of ideas.

The one area that I have to comment on is the intervention of the parliamentary secretary. The parliamentary secretary unfortunately took an early memo that was prepared by staff and signed by the minister and sent to me using a billion dollar figure. Subsequent to that we have had numerous meetings to discuss the real finances.

If we compare what the real finances are to what the parliamentary secretary has said we find a substantial difference.

In fact the billion dollar figure assumes that every stay at home parent who is presently there would take advantage of this bill but nobody else would, in which case it is a full drain. It also does not eliminate all those parents that either make too little