

Family Allowances Act, 1973

blasting the Government for poor management. Although there may be a difference in degree, the economic situation is pretty much the same in all western countries, and each country is making adjustments according to the ideology of the party in power.

We have decided that people who need help must get it. We have said time and time again that our first priority is to help those whose needs are greatest. I could add another word that could or should be the basis for any future changes in the family allowances program, and it is the word "redistribution". I think everybody knows what this means, but in any case, redistribution means taking from groups that have a lot and then making sure that they do not get anything until those who do not have anything at all have received a fair share. Perhaps I should be a little more specific with respect to family allowances.

[English]

When we speak of children and the federal Government, we speak of only one program, Family Allowances. In the recent past, but not for the first time, many rumours have fed a public debate which never took place except among the media or through editorials. However, the public debate which really never took place in our country was with regard to what is called being for or against universality of Family Allowances. I submit that this is not the proper terminology and is not the concept at stake at all. Universality is a problem in medicare. That is where it really applies. However, to my way of thinking as Minister of National Health and Welfare, what really applies, because of our social policies, is the objective of equity and redistribution and caring for those most in need. If we had the appropriate equipment in Parliament, I would be able to give Members a graphic, visual presentation of the three levels of child benefits that flow to families from the Government of Canada at the present time. We would see that the total sum of benefits received by families are not well distributed in terms of equity and redistribution.

● (1540)

Another question is, if it is not suitable, why do we not change it? That is another question which I will address shortly. There are three elements in the system. One is the well-known Family Allowance which is taxable and goes to every child in the country through his or her mother. Another is the Child Tax Credit, of which I must say we are very proud and which was introduced in 1978. It is a mechanism to distribute the benefits only to those with the least income. We could ask ourselves if it is "normal" that it is available up to such high income levels. I will ask that question in a few minutes. However, the concept is surely the best we could have worked out.

[Translation]

When it was introduced, the child tax credit went to all families earning less than \$18,000, and over and above that amount, the tax credit gradually dropped to zero. However, as a result of indexation, we have reached the point where the

child tax credit applies to children in families earning as much as \$26,000 or more. That is a lot of money, and as a result, two-thirds of Canadian families are receiving the child tax credit. Low-income families receive the full family allowance, while in other cases, the allowance tends to be less, since it is taxable for other Canadian families. The child tax credit is received in addition to the family allowance. Both low- and middle-income families receive the full child tax credit, which gradually drops down to zero for families who do not need it at all. In addition to all this, and there is a problem here, we have what is called the personal deduction for dependent children, which is part of the income tax system. Either parent, depending on family circumstances, may claim the deduction. I do not remember the exact amount, but I think it is fairly high. I cannot find it in my notes, but I think it is substantial, and if I remember correctly, the exemption is at least \$600 per child, or about that amount . . . \$670 per child on the next tax return, I am told by my colleague from Kingston and the Islands (Miss MacDonald) and I thank her for this information. A tax exemption is the opposite of a tax credit. With a tax credit, the less you earn, the more you get, and with the tax exemption, the more you earn, the more you benefit, and this means that practically speaking, mothers with a family income of less than \$10,000 never even see this money. The tax credit concept, a relatively modern one in the taxation system, was introduced about ten years ago and is gaining acceptance, although there is considerable resistance among fiscal experts. Thus, the child tax credit is extremely important because with it we have introduced an entirely new element in the fiscal system, a measure that is judged to be very significant in redistributing wealth and removing some of the social injustice in our society.

This is also the mechanism we will need one day to establish and deliver a guaranteed annual income. Speaking about the child tax credit, there are two matters about which I would like to say something. These changes may be an improvement, and this is what I want to ask. We also have to consider whether such a decision would be appropriate at this time when Canadians are very worried about the economy, when they need to tighten the family budget and to know where they are going. This is not an easy question to answer. The other change which I think might be an improvement has to do with the child tax credit and a double scale of benefits. The first thing we have to ask ourselves is whether or not it is right in our society that families with an income over \$26,000 receive the full child tax credit. I do not ask this question because I think there is something wrong in making \$26,000 or \$27,000 a year. Quite the opposite, I am very happy for those who do and the more there are, the happier I will be, because it means that our society as a whole is richer. This has to be mentioned because it is important. I ask the question because of something I said in my speech on old age pensions and which, to my knowledge, was not picked up by any Member of the Opposition. Obviously, no federal or provincial Minister of Health and Welfare in this country or in other Western countries will