

Family Allowances

● (1722)

If we can say anything regarding Bill C-10, surely it is that this legislation involves a fair distribution and a re-addressing of benefits to people with lower incomes and those who financially require more assistance from programs of this type. Under this legislation, I understand that families with incomes of \$18,000 or less, with one child, will receive a \$200 rebate, and families with the same income and two children will receive a \$400 rebate. This will progressively decrease as the family income increases. For example, a family with an income of \$22,000 and with one child will receive \$20 per month in family allowance, but no tax credit. I understand, as well, that a family with an income of \$26,000 and two children will not receive tax credit benefits.

The theory is that the higher the income of a family the less the need for assistance from the federal government. I agree with that philosophy, and in a time of financial restraint when we know there are low income earners in Canada who require assistance, this is a mandate to which we must address ourselves. We must apportion those funds we have available for programs such as family allowance to ensure that they go to those people who require them the most and where the need is the greatest.

I compliment the Minister of National Health and Welfare (Miss Bégin) for taking a bold initiative, taking moneys payable to the federal government and directing them to those areas where there is the greatest need. I am sure it would be fair to say that all hon. members of parliament have been approached in the last several years by constituents asking members if there is not a better way of reallocating family allowance funds. Obviously a family with an income of \$100,000 a year does not require assistance, and the assistance provided through this allowance would not make any difference to their well-being.

Although this was supposed to be a universal plan, it has always seemed to me that we made one error. It was that, a family in the \$8,000 to \$10,000 income bracket had to follow the same rules as those followed by a family with an income of \$50,000 or \$60,000. One group could take advantage of our income tax legislation in order to derive benefits, yet the other group, those families with incomes of \$8,000 to \$10,000, could not obtain those benefits. They ended up in a negative position because they could not claim the income tax benefits the Parliament of Canada had provided in the legislation. In other words, it was an unfair situation. Those at the higher income level could take advantage of the tax deductions for children, but obviously those at the lower end of the income scale could not take advantage of those deductions and, therefore, they derived no benefit from them.

It is my understanding that approximately 2.4 million families of the 3.6 million families who receive family allowances will benefit from the new system to the extent of \$200 per child per year. In other words, two thirds of the families with children will be the recipients of the benefits of this program. Putting this another way, one third of the families with children, up until the present time have been at a distinct

[Mr. Anderson.]

advantage. When looking strictly at numbers it is obvious that Canadians with higher incomes were given higher priority by previous parliaments.

I do not wish to be lengthy, because obviously this legislation has received the approval of members of the opposition. I want to say that I hope this is a beginning and not an ending. We have brought in innovative legislation which will be applauded by most Canadians. I hope the move does not stop there. If this theory applies well in respect of family allowances, and apparently we have concurrence from other parties in the House, perhaps we should address ourselves to the equally grave injustices or problems that exist in respect of old age pensions. Surely we have the same situation there where old age pensions amount to approximately \$155 a month, indexed to the cost of living. These pensions increase as the cost of living increases every three months, whether the recipient requires the money or not. We are reducing family allowances by approximately \$6 to \$8 per child per month, on the understanding that we will redistribute the money saved to those at the lower end of the income scale.

I have calculated a few figures in order to compare what we could do in respect of old age pensions if we followed the same scheme. By eliminating the age exemption we could save the government about \$150 million per annum. By de-indexing the OAS we would save approximately \$350 million per annum. However, if we did that, GIS recipients would also suffer. Thus the only responsible initiative we could take of this kind would be to de-index OAS for those who receive only OAS, ensuring that pensions including both OAS and GIS continued fully indexed.

In other words, what we would be doing is redirecting approximately \$350 million by removing the indexing of OAS and redirecting that money to GIS rather than putting it into government coffers. In this way the people who need assistance would receive greater benefits. Those people with higher incomes would receive less. I suspect this is not revolutionary since we have accepted this principle in respect of family allowances. Is there something different between family allowances and old age security, or should we apply the same principles, providing the greatest amount of money to those with the greatest need?

An hon. Member: Are you trying to get them to vote against you too?

Mr. Knowles (Winnipeg North Centre): Does the hon. member not know that the allowance is still indexed?

Mr. Anderson: There would be a total saving of \$350 million with which to increase the GIS, at about the same magnitude as proposed in Bill C-5. We must be careful that the gains for the elderly poor are not at the expense of the near poor. Obviously we would not wish to rob the near poor to pay the poor. I suggest that this House and those people who have an interest in assisting people who require help should look at a plan on the lines of the one I have suggested, or in some other form.