

Income Tax Act

Hon. Member agrees with me, the lesson and the humiliation which the Prime Minister and the Conservative Party had to live with concerning elderly Canadians and families were beneficial. That is what I told the elderly: You have given a lesson to all political parties, to all politicians, men and women.

Before taking a stand, words indeed sound just fine, anyone can fight for universality, a guaranteed annual income looks like a winner, what I want to know is how much it will amount to in terms of benefits. What I am fighting for and what all Hon. Members should be fighting for, in my opinion, is what this will amount to in terms of dollars and cents. Will people make a decent living? You could introduce a Bill and say: Let's help everybody and give them \$5 each. That just about amounts to no help at all. So the mechanism is the important thing. For the Liberal Party, putting the mechanism in place is a matter of prudence and when we return to power, very soon, we will know what to do and we will not goof like the Conservative Government did.

[English]

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, it is a great pleasure for me to rise to speak to Bill C-11. This Bill has particular significance in a riding such as mine in eastern Nova Scotia. It is a riding that includes many people of lower income, and therefore many people with families who will take advantage and receive the benefit of this legislation.

I want to congratulate the Minister of Finance (Mr. Wilson) and the Minister of State for Finance (Mr. Hockin) for this initiative which is designed to help needy Canadians.

Specifically, this Act to amend the Income Tax Act provides that there shall be a prepayment of \$300 per child for families with net incomes of \$15,000 or less in 1985. This prepayment is to take place in November for 1986. It is a prepayment which represents about two-thirds of the maximum child tax credit, which is \$450 for 1986. Otherwise, in the absence of this initiative, that credit would not be payable until the claimants filed their tax returns for 1986 which, of course, is early in 1987.

Another interesting feature of this initiative is that individuals will not have to submit applications for their prepayment. Prepayment will be based on information provided in the 1985 income tax return, and the payment of any remaining credit will be made following the filing of the 1986 tax returns.

Those are some of the very specific items contained in Bill C-11. This initiative outlines, in very clear terms, the commitment of our Government to help those Canadians who are most in need, to help the low-income families and the poor of this country. This initiative is targeted at Canadians who most need help. It is a compassionate and humanitarian approach which uses our tax system for the benefit of needy Canadians.

• (1730)

This initiative is timely. It provides that the relief to low income families will come when it is most needed. It will be delivered before Christmas. This prepayment will reach families as they prepare their Christmas budgets, at a time when many low income families are greeting increased expenses such as heating and clothing needs with the onslaught of winter.

The measure before us is an interesting one. It is one which will benefit 700,000 families. Let us consider what that means. These households will be receiving a cheque which they can spend to meet the needs they face. This initiative is also designed to break the tax discounting cycle. It is designed to ensure that low income Canadians do not rush off to the tax discounters in the new year as they prepare their tax returns for the preceding year. The prepayment complements the Government's tougher controls on tax discounters which were implemented to protect low income individuals in Bill C-83.

Just what does this measure mean in terms of dollars and cents for low income families? The child tax credit has been increased from \$384 for one child in 1985 to \$454 for one child in 1986. In 1987, the figure will escalate to \$489. In 1988, it will be \$524 for every child in these households. It is a long-term plan which will provide long-term relief for low income and needy Canadians. It reveals a consistent direction on the part of the Department of Finance, a direction which calls for tax policies to be sensitive and responsive to the needs of those who most need help.

This measure complements the refundable sales tax credit, another measure which was extended to low income families based on a \$50 credit for each adult and \$25 for each child. It marks a major step forward in the expansion of the refundable tax credit system itself. It also complements the expanded eligibility for disability deduction to a further 120,000 Canadians, plus an increase of \$250 in that deduction for a total of \$2,860. It also complements the Government's efforts to achieve a minimum tax, to provide equity in all income brackets and to ensure that high income individuals pay their fair share of taxes.

The initiative before us is consistent with the over-all general mandate of our Government as outlined in the Speech from the Throne which provides and calls for fairness in the tax system. The prepayment of the child tax credit illustrates that principle. It is consistent with the reform of the tax system based on the philosophy of lower tax rates and reduced reliance on personal taxes. It is a progressive measure taken by our Government. It is also reflective of the strong commitment which our Government has in terms of preserving and strengthening the social safety net in this program. Through programs that are designed to achieve economic renewal, we are strengthening the revenue base of the federal Government so that very worthwhile programs such as these can be funded and expanded. It complements other social initiatives which we have taken, such as the spouses' allowance, which was extended to all low income widows and widowers aged 60 to