

Bill C-70 is a controversial piece of legislation. The Opposition parties and a number of groups and individuals have denounced it. Their arguments have not convinced me, but I respect the sincerity and the beliefs of most of them.

Like I was saying earlier, as our economy improves, the Government and the Department of National Health and Welfare hope to do even more for those really need it.

Mr. Deputy Speaker: Questions or comments; the Hon. Member for Bourassa (Mr. Rossi).

Mr. Rossi: Mr. Speaker, the Hon. Member for Brome-Missisquoi (Mrs. Bertrand) referred to the amounts the mothers would be receiving in 1986, 1987, 1988 and 1989. I therefore ask her, what would they have received had the family allowances not been deindexed?

Give me the amounts—you cannot answer by yourself.

● (1600)

Mrs. Bertrand: I always abide by my Minister's wise advice.

You are asking me what would have been the amounts. I told you earlier what they would have been, if you and your Government, had not put a stop to that de-indexing. Instead of the \$31 now received by families, it would have been \$51. And I gave you tables, I have other tables but let me say it might be exhaustive at times to give figures. I gave you figures, I gave you tables, how much more families would be getting for the income tax credit, and this is what counts, because this is not taxable.

Mr. Rossi: A supplementary, Mr. Speaker.

Mr. Speaker, I am asking the question once again. She answered what it would have been. I am asking what it would be if you were not deindexing and that is the question.

Mrs. Bertrand: Then it is \$11.28 less a year for family allowances, but \$70 more in the first year as far as the tax credit is concerned, \$35 more in the second year, and still \$35 more in the third year for the tax credit.

[English]

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, I had hoped to address the last stage of this Bill in a very general way by outlining the concerns of the Liberal Party and myself as the Health and Welfare critic regarding Bill C-70 which will deindex family allowances. However, after hearing some of the very technical arguments placed before us today, I feel almost compelled, and I will do so, to refute some of the technical arguments made about this Bill so that we may draw our own conclusions at the end of the debate.

It seems to me that there are two basic arguments that Conservative Members have been using this afternoon. The first is that the total package of child benefits including the family allowance, the child tax credit and the child tax exemption will compensate for the reduction in family allowance.

Family Allowances Act, 1973

That was inherent in the questions that were put to the Hon. Member for Vancouver East (Ms. Mitchell) by the Hon. Member from Edmonton and the Hon. Member from Calgary. I think a few moments will be required to carefully consider the technicalities involved here.

That argument does not take into account the timing of the increases and deductions that are part of this program. Let me therefore begin with that premise and hope that Hon. Members opposite will understand exactly what it is they will be doing to low-income families. Indeed, Conservative Members have created the perception that the proposed changes to the total package of child benefits will compensate for the reduction of income to families following the deindexation of the family allowances. The other perception that is being created is that the end result will be a fairer distribution of benefits; that is to say, a greater proportion of benefits will go to families with lowest incomes. Unfortunately, neither of these highly desirable outcomes will occur. The reason for that is that the practical, negative effects of the proposed changes are not being recognized.

The single major problem with examining the three programs from a fiscal perspective is that the timing of the increases in the deductions are not being placed in the context in which they are going to occur. As an example, the reduction in the family allowances is to begin in January 1986, as soon as this Bill has passed. As a matter of fact, as I indicated in the House in December in debate and during Question Period, the Government did not even wait until the Bill was passed by Parliament before it presumed to change the figures that were to be placed on the family allowance cheques.

The deindexation will begin in January 1986. I hear from Members opposite that the child tax credit is being increased by \$70. What the Government does not make clear is the fact that the \$70 increase in the child tax credit will not be received by families until April 1987, some 14 months from now, because the child tax credit will not fully impact on families until another year goes by as it is only given out at income tax time. Quite simply, a family will lose the benefit of indexation for 14 months while awaiting the reported compensating adjustment. The Hon. Member from Edmonton and the Hon. Member from Calgary indicated that this was supposed to compensate, but they are going to have to be forced to admit that it will take 14 months before anyone, regardless of family income, will receive one benefit from the child tax credit.

In addition, there will be a second reduction for some families because this Bill lowers the turning point or the point at which one receives partial reduction of the child tax credit from \$26,330 per year to \$23,500. We lost the argument regarding that point in committee. As a matter of fact, the committee recommended that the turning point be much higher than that which is indicated in this Bill. We recommended that the turning point should be Statistics Canada's definition of family middle income which is \$34,000 to \$35,000 per year. Through this Bill, the Conservative Government has indicated that it feels that a family that earns \$23,000 per year is sufficiently well off and does not require