

Income Tax Act

on social policy issues in Canada, that we have a long way to go in rectifying the situation.

Let me return to examples that relate to the family as it is affected by the Budget. First, let us look at the two-earner family earning \$10,850, which is a low wage by anyone's standard. That represents half the poverty line for a metropolitan area and little more than one-quarter of the average income for a couple with two children. We find that in 1986, the family gets \$23 less in family allowance than it would if the Government had not chosen to index benefits partially. That observation applies to all the families with this and similar incomes.

● (1210)

Because of the elimination of the federal tax reduction, the imposition of a 3 per cent surtax and the partial indexation of the tax system, a couple which earns somewhere between \$10,000 and \$11,000 a year pays \$35 more in federal and provincial taxes. The \$23 loss in family allowances and the \$35 tax increase means that the family loses \$58 in disposable income in 1986. This figure, of course, is included in the larger figures which I itemized for you a moment ago, Mr. Speaker, to demonstrate that actually what we are facing is a slippage, a reduction in purchasing power and a decrease in the capacity of low-income families to compete in the market-place for what they need.

It must be recognized that the same family which earns between \$10,000 and \$11,000 gains \$60 in child benefits in 1987 because the increase in the child tax credit is more than the loss in family allowance. The family pays \$85 more, however, in income tax. The family now receives a refundable sales tax credit of \$145 in respect of the 1986 taxation year and, in the end, the family finds itself, as a result of this Budget, in a very peculiar situation.

In 1989 the income tax payable by the family will increase more than is offset by the child benefits and the sales tax credit gains, so that the family's disposable income in 1989 will be \$48 less than it would have been without the Budgets of 1985 and 1986, and the loss will rise to \$167 in 1990.

This may sound, and does sound, a bit complicated, but the accounting is important to see this measure not in isolation. It must be seen as it converges with other measures affecting the well-being, welfare and social security of the average Canadian family, particularly the 20 per cent of families at the lowest income levels across the nation. In two and a half to three years from now, in 1989, the impact of all these measures will come together, negatively affecting the purchasing power of the average Canadian family and, in particular, the income of those who are struggling at below the poverty line.

Therefore, I cannot join with others in hailing Bill C-11. I find it a measure which creates a false impression of a progressive measure which is in itself only a technique of payment, not an increase, as has been properly pointed out. It somehow creates the illusion that things are improving while in the medium term, namely, by 1989, the position of the average Canadian family, particularly those who are struggling at just

above or below the poverty line, will be negatively affected. Therefore, we on this side call upon the Government to come forward with an income tax reform which will redress this situation and permit the development of an income security position for Canadians who are reaching the income levels of a minimum of around \$20,000, which will permit them to regain the ground they lost as a result of the measures contained in the Budgets of 1985 and 1986.

The Acting Speaker (Mr. Paproski): Questions or comments? Debate.

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, I welcome this opportunity to speak on Bill C-11, an Act to amend the Income Tax Act in order to permit a new system of advanced payments on the child tax credit for 1986, and for future years. I welcome the opportunity to speak as a member of the Standing Committee on Finance and Economic Affairs and as a Member of Parliament from the prairie region, the southwestern corner of Saskatchewan. This is an area which has been treated unkindly over the past three or four years, first by drought and now what was to have been the bumper crop of 1985 is suffering serious deterioration owing to poor weather conditions.

The Prairies, as you will know, Mr. Speaker, is an area which is very heavily dependent on agriculture. Besides the actual producers, certainly much of the employment is directly dependent upon the prosperity of agriculture. It is an area in which the grain farmer in particular is feeling the pinch owing to low world grain prices, a situation which has arisen as a result of conditions beyond our borders such as the disastrous grain trade subsidy war between the United States and the European Economic Community.

It is from this "prairie" perspective that I would like to address Bill C-11, which is a part, albeit a small part, of the Government's over-all agenda which was charted back in the fall of 1984 and which has continued through the Budgets and the recent Speech from the Throne. It is a course of action involving responsible and prudent management of the economy and of the taxpayers' contributions. It aims at specific areas, economic renewal, national reconciliation, and social justice in particular.

I would like to talk about economic renewal because we cannot afford much social justice or regional assistance if our economy is moribund. The stark reality is that Government has no money of its own. This should not be a sudden inspiration. The fact is that the Government's only source of funds is those moneys that we as citizens choose to entrust to it. Obviously, we cannot continue to borrow into perpetuity for programs, social or otherwise. It is not a matter of choice. Unless the Government shows restraint, Canada will, in the not too distant future, reach the point of no return where interest charges on the national debt would be such as to consume the entire federal revenues, thus leaving no moneys for social programs such as the child tax credit.