

fact that the piece of legislation which is before us is only one part of a three-part package. I am speaking of changes to the child tax credit, the child tax exemptions under the Income Tax, as well as the measure which is before us. I am glad the Hon. Member recognizes that the net effect of all this will be an improvement for people at the low end of the income scale. I am sure that the people to whom the Hon. Member spoke in his riding were at the low end of the income scale. Being an honest man and an upright Member of Parliament, I am sure he explained to those people that, in spite of this one change to the family benefits package, the entire package will actually benefit people at the low end of the income scale.

I know that his Party, unlike the Official Opposition, did have a positive and constructive position to put forward with respect to changes in family benefits. However, one of the suggestions that was made, as I understand it, was to eliminate completely the child tax exemption under the Income Tax Act. As the Hon. Member is aware, it is proposed that that exemption decrease from \$710 at present to \$382 in 1989 for each child. The reason, of course, is to generate extra income in order to increase benefits under the child tax credit. There will be other income as well, some of which will go to help pay for the spouses' allowance provisions that were brought in last fall.

● (1150)

Can the Hon. Member tell the House if he personally supports the total elimination of the child tax exemption under the Income Tax Act? This would mean that modest middle-income families, many of whom I am sure live in his riding, would be deprived of substantial benefits that they will continue to get under the package proposed by the Government as a result of the Budget. Does the Hon. Member support the position of his Party that all of the child tax exemption should be eliminated?

**Mr. Riis:** Mr. Speaker, I appreciate the comments of the Hon. Member. Yes, I did explain the total package to the people I visited, not simply an edited version. However, as the Hon. Member is aware, my concern is that people have to live 12 months of the year. The monthly family allowance payments are very critical to so many families. Having said that, I want to respond directly to his question: Yes, indeed, I do support that position. I want to make it very clear that this is not just the NDP position or my position; virtually every single social reform group which advised the committee on this issue made reference if not to the exact proposal, then to something very similar.

Our proposal is for an 80 per cent increase in the child tax credit, which perhaps the Hon. Member did not mention, I do not really recall. This would provide a significant increase for virtually all middle and lower-income Canadians. That is based on the assumption that upper-income Canadians do not require support in the same way to assist them in raising their children, and as well that the family allowance should remain universal, no question about that.

#### *Family Allowances Act*

**Mr. Redway:** Mr. Speaker, I am aware that his Party's proposal would increase total family benefits, but the way it proposes to do it is not only by eliminating the child tax exemption but also by pumping in substantially more new funding. However, I know the Hon. Member is well aware of and concerned about this country's financial position. He is aware of the deficit and I know he would like to see it reduced and eliminated if possible. I know as well that he would never advocate anything irresponsible and which might increase the deficit. I am sure he recognizes it would be impossible to find money from other sources because all it would mean would be an increase in the deficit. Bearing all those things in mind would he still advocate, in order to improve this package, the complete elimination of the child tax exemption, something which, if we did not pump in all this extra money which no one has, would obviously have a detrimental effect on the low and middle-income people of this country?

**Mr. Riis:** Mr. Speaker, both I and my Party have no hesitation in providing the necessary funding to assist those in need in our country. As the Hon. Member well knows, our program does not result in an increase in the deficit, however. His Government is doing that. The Minister of Finance said the other day he was going to increase the deficit by \$1 billion at least—there was no hesitation—not to help children or families but to help large financial corporations, domestic and international. There was no hesitation there, not one bit. There is no hesitation in saying we are going to give everyone a \$500,000 capital gains exemption and lose all kinds of money, billions of dollars over the years. But we do not have enough money to help children. That is what the Government has been saying.

We feel quite differently. We say that it will not increase the deficit to do this. We can pay for it by reforming the tax system, something which every Member of this House agrees needs to be reformed. There are many corporations and individuals who do not pay their fair way today. We feel, as I am sure all Hon. Members do, that if those corporations and individuals simply paid their fair tax, we would have all the necessary funds to provide the capital injection to assist those people in need, whether it be young children or families. We would not increase the deficit, we would just have a fair collection of taxes, which I am sure the Hon. Member would endorse 100 per cent.

**Mr. Redway:** Mr. Speaker, the Hon. Member has referred to his Party's proposals concerning a fair tax system. Certainly, as he indicated, all Members of the House endorse the idea of a fair tax system. Of course where we would have our differences, I am sure, is over the question of what is a fair tax system. As he knows the Budget proposed a minimum tax and the Minister of Finance this week, in answer to a question I posed myself, indicated that a minimum tax is on its way and will be introduced to be effective as of January 1, 1986. In addition to that, there are other proposals in the Budget for raising funds. The net effect of all those proposals and all the proposals I have heard from the Hon. Member's Party which