

*Private Members' Business**[Translation]*

Members will recall that the Reform Party's alternative budget presented last week called for massive spending reductions, including \$15 billion on social programs.

It is surprising, therefore, that Bill C-247, tabled by the Reform Party member for Calgary Centre, proposes action that would increase federal and provincial tax revenue costs by a whopping \$6.5 billion annually. That is right, an extra \$6.5 billion a year at a time when all Canadian governments are striving to reduce both their deficits, and Canadians' tax bills. Maybe the *The Taxpayers' Budget* should have been entitled *Out of The Taxpayers' Pockets*.

Bill C-247 is also surprising given that Reform's budget says that government must "build on the Canadian tradition of self-reliance—and make assistance available only to those who are genuinely incapable of providing for themselves". However, Bill C-247 does not limit assistance to those who need it. Rather, it would allow fixed child care expense deductions of \$5,000 or \$3,000 for all, regardless of the income of the parents or the amount of child care expenses, if any, actually incurred.

In effect, Bill C-247 would actually create a new child tax benefit. And sadly, because it would depend on a taxpayer's marginal tax rate, the benefits would actually be greater for those in high income brackets than for those in lower brackets.

Unlike the measures proposed in Bill C-247, the current child tax benefit targets substantial assistance to low and middle income families with children.

Delivered monthly and tax free, it provides a basic annual credit of \$1,020 per child, plus \$75 for the third and each additional child.

That assistance is reduced by 5 per cent—2.5 per cent for one-child families—of family net income over \$25,921. Also included is a work income supplement of up to \$500 per family with net family income under \$25,921. This helps to meet the extra costs associated with participating in the work force.

A supplement is provided for parents who choose to remain in the home to raise their pre-school-aged children. This year, the supplement is \$213 for each child 6 years old or younger. Assistance for families is also provided through the child care expense deduction.

• (1415)

It recognizes for tax purposes the child care expenses that taxpayers must incur in order to earn income, to attend a recognized educational institution full time or to take a vocational training course.

The deduction acknowledges that these taxpayers have less of a capacity to pay taxes than other taxpayers with an identical

income, but who do not have child care expenses. As a result, up to a limit, income used to pay for child care expenses is not taxable.

The deduction is applied to earned income in order to ensure that tax assistance is provided for child care expenses incurred to earn that income.

This reflects the general view that parents not employed outside the home are expected, and indeed have a responsibility, to look after their children.

Bill C-247 would completely change the nature of the current deduction. It would also be prohibitively expensive at a time of fiscal consolidation. As such, we can neither afford, nor should we even entertain, the amendments proposed by the member for Calgary Centre. I therefore urge this House to deny passage of this bill.

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, I rise today to speak to Bill C-247, an Act to amend the Income Tax Act (child care expenses) tabled on May 6, 1994 by the member for Calgary Centre.

The purpose of this bill is to amend the Income Tax Act to allow the deduction of a fixed amount of \$5,000 or \$3,000 as child care expenses, regardless of the income of the parents and of the amount of child care expenses actually incurred.

The existing statute does not apply to stay at home parents. Only those families whose children attend profit making establishments are allowed the child care expenses deduction.

The bill means that parents can decide how they want their children cared for and deduct a fixed amount of \$5,000 for children seven and under and \$3,000 for those aged eight to fourteen, regardless of their income and the actual expenses incurred.

Upon initial examination, this bill seems to make sense. However, I would like to have more detailed information on what it will cost, given that the deductions now allowed represent the major part of day care costs for the government. I would also like to know how many families and children would benefit from this bill. The government must manage its resources wisely. Given their scarcity, I would think that priority must be given to women who work.

That being said, statistics show that in 1961, in 65 per cent of families with a child under the age of six, one parent stayed at home. In 1991, this sort of family structure represented only 12 per cent of families. Nowadays, over 70 per cent of pre-school age children attend day care regularly while their parents work.

• (1420)

Child poverty is increasing dramatically. The government's cuts in social programs have further worsened the situation.