

Income Tax Act

million low-income families. It is a simple, effective and important form of social assistance.

● (1520)

The Government has acted to improve the child tax credit in several key ways. First, it has been increased. This year the child tax credit has been increased by \$70. It will go up by another \$70 in the next two years, and by 1988, the maximum amount to be received will be \$524 per child. We also decreased the child tax exemption which, until we acted, actually provided more assistance to upper-income families.

Second, we addressed the problem of tax discounting. Tax discounting has literally robbed thousands of low-income families of their child tax credit benefits. In fact, in 1984, nearly one-half of all money retained by tax discounters was made up of child tax credit payments. Furthermore, one in five single mothers with an income below \$2,000 and claiming the child tax credit used the services of a tax discounter. The Government acted to decrease the amount of money discounters could collect. Bill C-83, which was passed in the first session of this Parliament, capped the maximum discounter charge at 5 per cent on any amount over \$300.

These actions represent the importance the Government attaches to improving family benefits. They also fulfil the commitment we made in the Throne Speech to defend and strengthen the institution of the Canadian family. Improvements to the child tax credit provide the kind of family support the Government is proud to initiate.

I think all Hon. Members would agree on the importance of the family unit in our society. Indeed, it has been said that if things go well with the family, life is worth living; when the family falters, life falls apart.

I was pleased to be a member of the Standing Committee on Health, Welfare and Social Affairs when it reviewed the issue of child benefits. The committee's report of April, 1985 recommended a prepayment of the child tax credit, and I know that all members of the committee are pleased to see that the Government has taken action on that recommendation. Bill C-11 offers effective and needed help to low-income families. It also furthers the positive social justice measures the Government is taking to benefit all Canadians.

Yesterday in debate, the Hon. Member for Vancouver East (Ms. Mitchell) called the increase in the child tax credit a token. I can assure the Hon. Member that low-income families from my riding of Scarborough Centre do not consider \$140 per child in extra benefits to be a token amount. I can also assure the Hon. Member that low-income families in my riding do not regard the new sales tax credit, the extension of the spouse's allowance or the increase in the disability deduction as being token gestures.

Together with improving the social safety net, the Government is offering low-income families new hope through a more dynamic economy and through meaningful job-creation programs. Low unemployment, low interest rates and low

inflation all benefit underprivileged Canadians and offer new opportunities for full participation in the economy by all Canadians.

I think it is important to point out that as a result of this legislation introduced by the Government, total spending on income-security programs will go up substantially. This includes some \$200 million in extra benefits as a result of the extension of the spouse's allowance. The Government's family benefits policy reflects the commitment we have made to strengthen our social safety net and to encourage new economic opportunities for low-income Canadians.

On behalf of the families of Canada, I am proud of the excellent initiatives in this Bill. I applaud both opposition Parties for resolving to pass Bill C-11 in good time.

Mr. Keeper: Mr. Speaker, I would like to applaud the Hon. Member for the majority of her comments. Obviously the existence of a child tax credit is a positive move for low-income families.

I wonder how the Hon. Member squares the move on the part of the Government to have a child tax credit and give money through the tax system to low-income families with the over-all nature of the tax system in Canada which is generally conceded to be regressive. Over the last 20 years, the taxation burden has moved from corporations to individuals so that individuals are paying more by way of taxes. As well, the ideal that those who earn more must pay more has been eroded over the past 20 years. How does the Hon. Member square the fact that, on the one hand, the Government takes some positive actions in terms of the child tax credit while, on the other hand, it has left the over-all taxation system with low-income families having to continue to bear an unfair share of the burden?

Mrs. Browes: Mr. Speaker, I thank the Hon. Member for his question and also for recognizing the positive aspects of this legislation. He joins with the Leader of his Party in publicly endorsing in this Chamber the positive effect of this initiative on Canadian families.

In the social envelope, we have made some savings in those areas dealing with people with higher incomes. We have directed those amounts of money to those people who need it the most. By the end of this year, there will be an additional \$200 million put into the social envelope for the social benefits we are directing to those persons who need it the most.

I believe that the comments made by the Hon. Member concerning the tax burden are valid ones. The Minister of Finance (Mr. Wilson) recognized this some months ago when he stated the need for the review of the entire tax system. We are awaiting the White Paper the Minister of Finance will be submitting to the House for discussion with the public so that we may look at those aspects of tax reform that are recognized and required.