

*Family Allowances Act*

Liberal Government and we have seen the erosion of the old age pension and the family allowance over the years.

It is with some sadness that I note this important principle has received only partial support from our Liberal colleagues who have joined us in this fight, although we welcome them aboard the fight for universality. We wonder where they were in past decades when they deindexed the family allowance, the old age pension, and capping under the six and five program. All these measures have made it easier for the Conservative Government to proceed with its even more diabolical plan of a massive redistribution of income.

This Budget has different measures in it, and the Bill we have before us today deals with one measure, but we must look at the global picture, which is quite terrifying. There will be federal tax increases. There are increases in personal income tax. The tax exemption will be reduced so the actual tax families will be paying, including lower and middle-income families, will be going up in a period in which wages are barely keeping up with the cost of living. For many people, wages are falling slightly behind. Many families will have lower real wages but higher taxes to pay. With the attack on the universal programs, which have been part of the total revenues for families, people will have to cope with that too.

Many people will say "What is \$100 million for the federal Government? What is a few pennies a day, a few dollars a day for individuals?" The Conservative Government tries to justify its plans by saying it is a very modest sacrifice that people are being asked to make. But it is not a modest sacrifice at all. This Government is clever enough that when it wants to introduce massive redistribution it does not do it in one fell swoop, which would make everyone a little more than suspicious, but it does it bit by bit, year by year and program by program. The family allowance is not being abolished. There were Conservatives who opposed the family allowance and never wanted it in the first place but the family allowance will stay. Families will continue to get a cheque. The cheque they get will not be worth very much because its value will decrease.

What we have, which is very interesting, Mr. Speaker, is a triple whammy in four years. First, there is the deindexation of the family allowance. It begins January 1, 1986. People will not get the same increase according to the cost of living that they would have under current regulations. The deindexing of the family allowance begins in 1986 and continues year after year.

The second whammy begins in the next year, that is the attack on the child tax exemption, which will go down, and will not be worth as much. We have some concerns about this. If the money the Government is saving by not rebating it through the tax exemption would be going into other child care programs, we would be very happy, for the tax exemption is not a good point of public policy.

As everyone knows, the tax exemption favours rich individuals because it is proportionate to income. The very poor do not benefit from it at all. We are quite happy to see the end of the tax exemption. We would be advocating it very firmly if it

were not for the fact that the money is not going to other child care programs but is relayed into other Government programs, such as bailing out the Canadian Commercial Bank and any other number of preferred corporations which this Government likes to support. This measure will allow capital gains exemptions for wealthy individuals.

The second whammy of reducing the child tax exemption is one for which we have a more complex message, that is, yes, it is the right thing to do but the money should be redirected.

The third whammy is the one concerning the child tax credit, which begins two years later. It takes us into 1989 and it will continue in future years. All this time, of course, the family allowance deindexing is in effect, so it is declining. The tax exemption begins to decline a little bit later and then the child tax credit begins in the fourth year.

It is interesting to note that the Government has made it so complicated for people to follow that it is a sort of give a little here and take a little there, add and subtract. It has taken a little while for people to figure out what the net result will be, namely, that Canadian families will be much worse off. The long term results are a very substantial reduction in child care support for families.

One of the sneaky measures which this Government has used is to increase the child tax credit before beginning to deindex it. This procedure is being used by the Minister of Finance (Mr. Wilson) to say that the Government cares about families with needs, about single parents and families headed by women who do not have other financial resources and who depend more extensively on the child tax credit. We are glad to see the increase in the child tax credit but we are very aware that this increase in the child tax credit is a very temporary increase. It is to sweeten the blow. It is to make it not so obvious that the family allowance is being deindexed.

The family allowance is being deindexed, beginning in the next year. The tax exemption is going down beginning the following year. The child tax credit will go down only a little later. Then all three of them will continue to go down each year that we have a Conservative Government. Canadian families have to understand that it is not just a few pennies of sacrifice they are being asked to make in any one year. It is this ongoing erosion in support for the family.

*[Translation]*

The National Council on Welfare has projected the reductions in benefits for poor families over the next few years. For instance, before the Budget, a family with an income of \$9,000 and two children would have received \$1,549, but after the Budget, if the Bill is passed, it will be receiving only \$1,527, a difference of \$22. Families stand to lose \$22 next year, and these are the poorest families. Furthermore, the purchasing power of that amount will be reduced, because we must take inflation into account. If the rate of inflation is 4 per cent, it will be as though they were receiving \$1,466, meaning a real reduction of \$83 for next year.