



HOUSE OF COMMONS
CANADA

REPORT ON
CHILD AND ELDERLY BENEFITS

STANDING COMMITTEE ON HEALTH, WELFARE
AND SOCIAL AFFAIRS

BRUCE HALLIDAY, M.P., CHAIRMAN

APRIL, 1985

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Issue No. 11

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Monday, April 1, 1985
Tuesday, April 2, 1985

Le lundi 1^{er} avril 1985
Le mardi 2 avril 1985

Chairman: Bruce Halliday

Président: Bruce Halliday

*Minutes of Proceedings and Evidence
of the Standing Committee on*

*Procès-verbaux et témoignages
du Comité permanent de la*

Health, Welfare and Social Affairs

Santé, du bien-être social et des affaires sociales

RESPECTING:

“Child and Elderly Benefits
Consultation Paper”



CONCERNANT:

«Prestations aux enfants et aux personnes âgées—
Document d'étude»

INCLUDING:

The First Report to the House
(Child and Elderly Benefits)

Y COMPRIS:

Le premier rapport à la Chambre
(Prestations aux enfants et aux
personnes âgées)

First Session of the
Thirty-third Parliament, 1984-85

Première session de la
trente-troisième législature, 1984-1985

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ALTERNATES/SUBSTITUTS

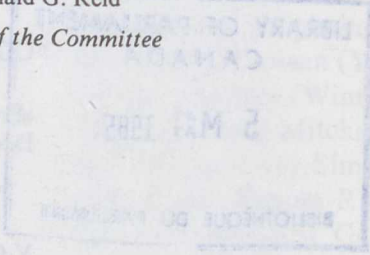
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(Quorum 8)

Le greffier du Comité

Donald G. Reid

Clerk of the Committee



The Standing Committee on Health, Welfare and Social Affairs has the honour to present its

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FIRST REPORT



REPORT

Canada. Parliament. House
 of Commons. Standing
 Committee on Health, Welfare
 and Social Affairs.
 33-1 ~~Report on child and elderly~~
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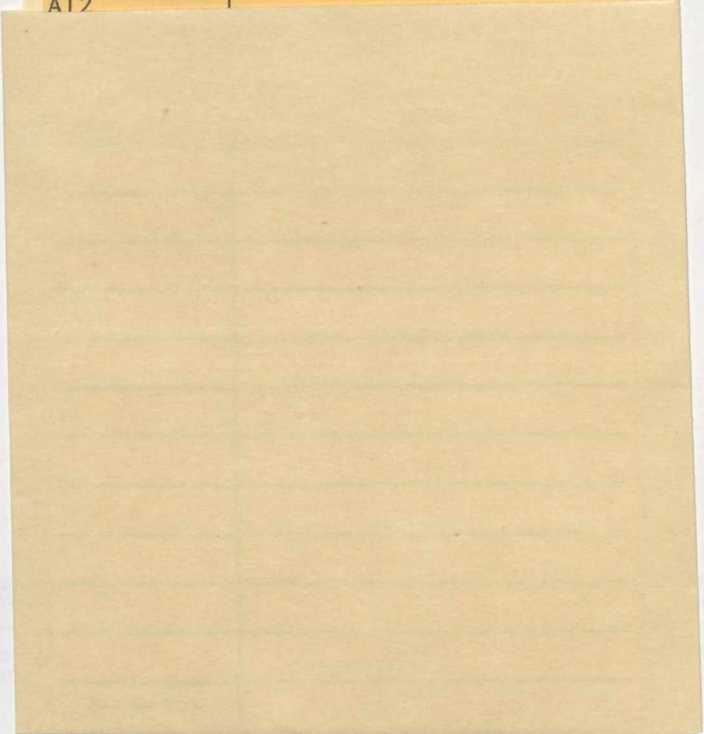


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SECTION I

Child Benefits: An Overview

1.1 In accordance with its mandate of February 7, 1985 as amended by an order of March 27, 1985, the Committee has considered the issues raised by the Consultation Paper, "Child and Elderly Benefits". It has held thirteen meetings and considered the briefs submitted and heard evidence from many witnesses.

1.2 The Consultation Paper has led to an open and extensive exchange of ideas about Canada's child benefit programs and proposals for their improvement. The deliberations of the Committee have been assisted by the excellent quality of the information provided by the submissions of many interested groups, organizations and individuals.

1.3 The Committee recognizes that jurisdiction in matters concerning the welfare of children in Canada is primarily within the domain of the provincial governments. The federal government, however, plays a major role in providing funding both for income support and for social programs, by the direct payment to individuals of Family Allowances, by transfer payments to the provinces, by benefits provided through the income tax system and by the provision of funds for various provincially administered social programs through the vehicle of the Canada Assistance Plan.

1.4 Guided by the emphasis in the Consultation Paper, the Committee has concentrated in its deliberations primarily on matters relating to child benefits. Because of our limited discussion of the subject of elderly benefits, we recommend that the subject of elderly benefits be referred again to the Committee for further study, a matter we return to in our final section.

1.5 The Committee has mainly concerned itself with finding satisfactory ways to direct more of the existing resources in the child benefits system toward those children in our society who are in greatest need while preserving levels of benefits for the average family comparable to those now existing. (The 1983 median family income was estimated at \$30,895 by Statistics Canada. Fifty percent of all Canadian families have incomes below this level).

1.6 Who are these children in greatest need? They are the 1.1 million Canadian children who belong to low-income families, the one of every five children under sixteen years of age who live in poverty. While many definitions of poverty were offered, the measure used by the Committee and perhaps most frequently by other groups, is that provided by Statistics Canada in its "low-income cut-offs".

1.7 According to this definition, and depending on regional variations, a family of four in 1983 with an income less than about \$14,000 to \$19,000 might be considered poor. It should be noted that provincial welfare rates are generally substantially below this level.

1.8 Our witnesses have eloquently described the changing family circumstances which are affecting today's children and the needs of poor children in our society. Contrary to common perception, most children in our nation do not live in the traditional two-parent family, cared for at home by the mother and supported by the father. Increasingly, women with children of all ages have joined the labour force in recent years. Their overall participation rate grew between 1975 and 1983 from 42% to 57%. The following table illustrates this trend for different age groups.

Women in the Labour Force *

	1975	1977	1979	1981	1983
Age Group	%	%	%	%	%
15-19	47.4	46.7	50.8	53.0	50.1
20-24	67.0	68.9	71.3	72.9	74.0
25-34	52.9	55.2	60.4	65.5	67.6
35-44	51.5	55.7	59.4	64.5	66.9
45-54	46.1	49.2	52.1	55.7	58.2
55-64	30.8	32.1	34.0	33.7	33.7
65 and over	4.9	4.4	4.2	4.5	4.6

* Statistics Canada, *Women in Canada*, March 1985, p. 48.

Now, more than 50% of mothers with children aged 3 to 5 years and 60% of mothers with children between 6 and 15 years of age are employed in the work force. Many women with children, however, work outside of the home as a matter of economic necessity rather than of choice.

1.9 Many children now live in single parent families, which increased by 50% between 1971 and 1981. There was a dramatic increase of 59% during that period in the numbers of families headed by a female lone parent. In 1981 about 590,000 families — or almost one in ten — were in this category.

1.10 The increased rates of divorce and remarriage during the 1970's have resulted in the formation of many new "blended" families which have united children from previous marriages of both partners in new and sometimes large family arrangements. Some family arrangements involve cooperative parenting where one parent may contribute to the support of two homes. Many families today are mobile and are not able to benefit from the traditional support system of an extended family.

1.11 Generally, Canadian families have become smaller and fertility rates are falling.

1.12 Family Service Canada has reported to the Committee that 57% of two-parent families have children living at home, although the average number of children in a family has decreased in recent years. There has, however, been a significant increase in the number of young people between 18 and 24 years of age who are living in the parental home.

1.13 There have been shifts in income distribution, as well as in family structures, in recent years. Evidence presented to the Committee has stated that the average incomes, adjusted for inflation, of lower and middle income families decreased between 1981 and 1983 while those of the richest 20% of families slightly increased. It is recognized that this trend is largely the result of the downturn in the economy and the increased rates of unemployment during that period of time. [See Graph, "Incidence of Poverty Among Canadian Families, 1971-1983".] One of the effects of the economic recession has been to worsen the situation of families. Between 1981 and 1983 the percentage of families in the low income group increased from 12% to 14%. These families spent more than 58% of their income on food, shelter and clothing. Depending on its location, a family of four in this group earned less than about \$ 14,000 - \$ 19,000 in 1983. According to estimates of the Social Planning Council of Metropolitan Toronto, the total budget requirement of such a family in 1984 in the Toronto area was \$ 21,217. This amount may not be applicable as a requirement in other areas of Canada. The Committee has found a paucity of information on the living costs of families with children in the various regions of the nation and urges the government to collect and make available this data.

1.14 The number of Canadians living in poverty increased by 23% between 1981 and 1983. Particularly affected by this trend were young people, including young families, and female lone parent families which make up almost 30% of all low-income families. The average income of a family headed by a woman is about half of that led by a man. Almost half of single parent mothers raise their children on an income below the poverty line.

1.15 Among families, the incidence of low income — poverty — also occurs increasingly with the number of children in a family. For example in 1983, the low income group included 17% of families with 1 child under 16 years, 21.7% of those with 3 children and 36.3% of those with 4 or more children under 16 years.

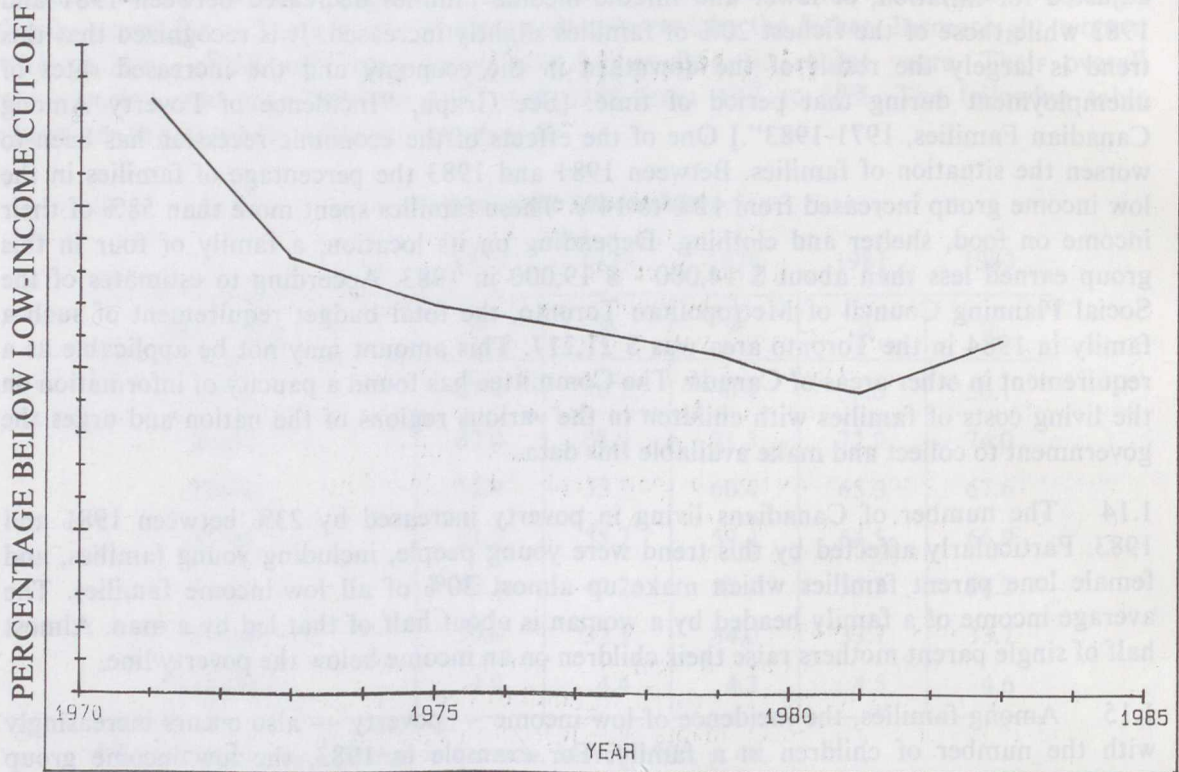
1.16 These facts reflect the considerable costs of raising children in our society. The Council of the Status of Women of Quebec has shown how costs of raising children vary according to family circumstances and the age of the child. According to their calculations, for example, in 1984 an infant under one year might cost a two parent family \$ 2,438 while expenses for a teenager between 16 and 18 years would be almost double at \$ 4,266. There are, in addition, many families today in which parents continue to support dependent children over eighteen years of age who are either furthering their education or unemployed.

1.17 The additional expenses of child care are generally heavier for a single parent than for a married couple. However, it should also be recognized that there are other kinds of costs which may be involved, such as the loss of income for the married woman who stays at home with her children.

1.18 The Social Planning Council of Metropolitan Toronto has estimated the cost for a lone parent of raising an only child from birth to age 18 to be about \$ 75,700, excluding the expense of day care while the parent is at work. (This calculation is higher than the comparable figure for Quebec.) If private daycare costs over ten years are added, the total cost is estimated to be about \$ 116,600 in 1984 dollars.

1.19 Although licensed daycare services are subsidized for low-income families, there are not nearly enough centres available to fill the need. In 1982, fewer than about 12% of

INCIDENCE OF POVERTY AMONG CANADIAN FAMILIES
1971 - 1983



children under 6 with working mothers had access to licensed day care. The rest, some 800,000 Canadian children, were not accommodated within the formal daycare system. Although that system is a matter of provincial jurisdiction, there will be a Parliamentary task force to study daycare issues.

1.20 The Committee has heard much evidence of the needs of children in single parent families and recognizes that society as a whole has a responsibility to help these and all Canadian children.

SECTION II

Child Benefits: The Tax Transfer System

2.1 The Consultation Paper deals with three measures falling within federal jurisdiction which benefit families with children: the Family Allowance Program administered by the Department of National Health and Welfare, and the Child Tax Credit and the Child Tax Exemption, which are elements of the income tax system. There are two other tax measures which also directly benefit families with children: the Equivalent to Married Exemption and the Child Care Expense Deduction. All provinces except Quebec base their own tax systems upon the federal system, and must be regarded as sharing the total cost of the Child Tax Exemption for their residents with the federal government. (The system of benefits in Quebec will be described further in paragraph 2.17.) In addition all provinces provide assistance to families in need, programs which are cost-shared with the federal government through the Canada Assistance Plan.

2.2 The **Family Allowance** is a universal benefit. It is delivered to all families with children regardless of the family's income. It is normally indexed to the cost of living. The benefit is taxable; and so the net benefit to families decreases as their tax rates increase. Both federal and provincial governments benefit from this feature of the measure.

2.3 By regulation the Family Allowance is paid to a child's mother, unless the father is separated or divorced from the mother and has legal custody of the child. This has been in recognition of the fact that the mother is predominantly involved in the care of the child.

2.4 In eight provinces families receive the same Family Allowance benefit per child. In 1985 this benefit is \$31.27 per month, or about \$375 per year. In Quebec the program is designed to deliver higher benefits as the number of children in a family increases. In Alberta, the program delivers higher benefits as the ages of the children increase.

2.5 Family Allowance payments went to 3.5 million families in 1984, and helped defray the costs of 6.6 million children. Total cost of the program was \$2.4 billion. The net cost to the federal government, obtained by subtracting tax revenues raised through the program, was \$1.9 billion.

2.6 The **refundable Child Tax Credit** is targeted at families with low and average incomes. Couples with a combined net income of up to \$26,330 (this level is called the "turning point") receive the maximum benefit. The maximum amount is reduced 5% ("the reduction rate") for each dollar of combined net income above the turning point. How quickly the benefit reduces and disappears depends on the number of children in the family. A family with one child and a combined income of above about \$34,000 will not receive a benefit. For a family with two children, the benefit stops at about \$41,000, and so on. The reduction rate can be thought of as a type of tax on benefits for families with incomes above the turning point.

2.16 The Child Care Expense Deduction benefits single parents and married parents who are in the labour force. The single parent or the lower income earner in a two-earner couple can deduct up to \$2,000 per child of the costs of child care. There is a family maximum of \$8,000. Moreover the amount claimed cannot exceed two-thirds of the tax filer's wages for the taxation year. This tax benefit was not referred to the Committee for consideration.

2.17 It should be noted that what has been described so far is true only of nine provinces which base their tax systems upon that of the federal government. Quebec has its own personal and corporate income tax system. Its child benefit system is more complex and consists of the following:

- Family Allowance (or equivalent direct expenditures)
 - a federal benefit which increases with the number of children in the family up to the third child; the same benefit is then paid for subsequent children. The benefit is taxed in the federal system but not in the Quebec system.
 - a provincial family allowance which also varies with the number of children in the family up to the fourth child. The benefit is not taxed in either the federal or provincial system for children under 16. The benefit is taxed in the federal system but not in the provincial system for children between 16 and 18.
 - an additional provincial allowance for each child between 12 and 18. In 1983 the allowance was \$85.56 per year. It is taxed in the federal system for children age 17 but not in the provincial system.
- Child Tax Credit
 - Quebec families receive the federal benefit. There is no analogous provincial benefit.
- Child Tax Exemption
 - a child tax exemption does not exist in either the federal or provincial tax system for children under 16.
 - the federal exemption exists for children between 16 and 18. A slightly higher provincial exemption per child exists for these older children.
 - the federal exemption exists for children 18 and over. A slightly different and lower provincial exemption exists for these children.
- Equivalent to Married Exemption and Child Care Expense Deductions
 - These exist in the federal system as applied to Quebec and also, in a slightly different form, in the Quebec system. The Quebec system provides an alternative to the child care expense deduction — the availability allowance. This benefit may be claimed when child care is provided either by a parent or by a third person.

2.18 This system of transfers and taxes directed toward families with children is a complex one. How complex it is can be seen by focussing only on the measures which the

2.7 In 1984 the maximum benefit from the Child Tax Credit was \$367 per child. Benefits are normally indexed to the cost of living. The turning point was also indexed until 1983, when it was frozen at the 1982 level of \$26,330. Freezing the turning point reduces the cost of the benefit to government in future years. It is estimated that such savings amount to between \$50 and \$100 million per year.

2.8 Like the Family Allowance, the Child Tax Credit is paid primarily to mothers. As a tax benefit, it can only be received if the parent files a tax form to prove eligibility. It is estimated that only about 6% of parents who are eligible to receive the credit in fact do not apply.

2.9 It should be noted that the Child Tax Credit is the only measure in the income tax system which is directly determined on the basis of combined family income rather than the income of individual members of the family.

2.10 In 1983, the most recent year for which statistics are available, 2.6 million families received some benefit from the Child Tax Credit to help care for 5 million children. The cost of this measure to the federal government was about \$1.3 billion.

2.11 The **Child Tax Exemption** benefits those families who pay income tax or who would have paid taxes but for the existence of the measure. It is usually claimed by the higher income earner in a family — most often the father — because the tax advantage increases as income increases. The exemption does not benefit very low-income families who would not otherwise pay tax.

2.12 The amount of the exemption varies according to the age of the child. Parents with children under 18 can claim \$710 per child for the 1984 taxation year. Parents with children between 18 and 21 can claim \$1,360 per child. The higher amount can also be claimed for children age 22 and over if they are in full-time attendance at school or are "infirm". The exemption for children under 18 has not been indexed since 1983. The exemption for children over 18 is still indexed.

2.13 **The Committee has been advised that the discussion in the Consultation Paper is applicable to that part of the Child Tax Exemption which concerns children under 18. It is not proposed that the exemption for older children be touched in any way.**

2.14 In 1982 3.4 million parents claimed the Child Tax Exemption. This figure includes parents claiming the exemption for older children. The federal government estimates that the cost to it of the exemption for children under 18 was \$860 million in 1984. The provinces' share of the cost was estimated to be about \$330 million in that year. The cost to both levels of government is then about \$1.175 billion.

2.15 The **Equivalent to Married Exemption** benefits parents who do not have spouses. Tax filers who are single, divorced, separated or widowed can deduct \$3,470 for the 1984 tax year from their taxable income for one relative, including a child, who lives with them and whom they support. A parent with two or more children can claim the Equivalent to Married Exemption for the first child only and can claim the regular Child Tax Exemption for additional children. This tax benefit was not referred to the Committee for consideration.

Consultation Paper discusses — the Family Allowance, the Child Tax Exemption and the Child Tax Credit — and addressing the question: How much does each Canadian family benefit from all of them? One sees immediately that the answer is, "It depends." First, it depends on how many children one has. Second, if one lives in Alberta (or Quebec if one adds in Quebec's child transfer and tax measures) it depends on the age of one's children. Third, it depends on one's income or lack of it. Those with little or no income receive the maximum Child Tax Credit, but cannot benefit from the Child Tax Exemption: their income will be reduced below the taxable level without the Child Exemption. Those with relatively high incomes are not eligible to receive the Child Tax Credit but they get maximum tax advantage from the Child Tax Exemption (unless they live in Quebec and have children under 16). Fourth, it depends on whether both partners in the family work, and whether one can claim the Child Care Expense Deduction; or whether the family is headed by a single parent who earns enough to claim the Equivalent to Married Exemption. Most important, for all families where at least one parent pays taxes, the total net benefit yielded by the Family Allowance, the Tax Credit and the Tax Exemption depends on the marginal tax rate of the income earner (or in the case where both partners work, the marginal tax rate of the higher income earner). This in turn will depend on what other exemptions and deductions the earner can claim (deductions such as RRSPs, RHOSPs, and private pension plan contributions, dividend tax credits, and so on). The benefits will also be determined by the province where the family lives, since provincial tax rates are not uniform.

2.19 Despite what has just been said, it is possible to measure net benefits for families from the combination of the Family Allowance, the Child Tax Credit and the Child Tax Exemption in a way that yields important information. The Consultation Paper's hypothetical family has the following characteristics: it consists of a couple with two children who live in Ontario; one spouse is in the labour force, the other works in the home; total family income is assumed to range from \$10,000 to \$80,000 and to be derived solely from the earner spouse's employment, so that no tax deductions are claimed but those relative to employment, as well as the Marital and Child Tax Exemption. The wage-earner is assumed to make no pension plan, RRSP or RHOSP contributions. As the first section of this Report shows, this hypothetical family is far from being a typical Canadian family. Nonetheless this model yields certain significant results which hold true for every province except Quebec. Similar results also hold true for single earner or two-earner couples or for one-parent families. These results are shown on the following table and graphs.

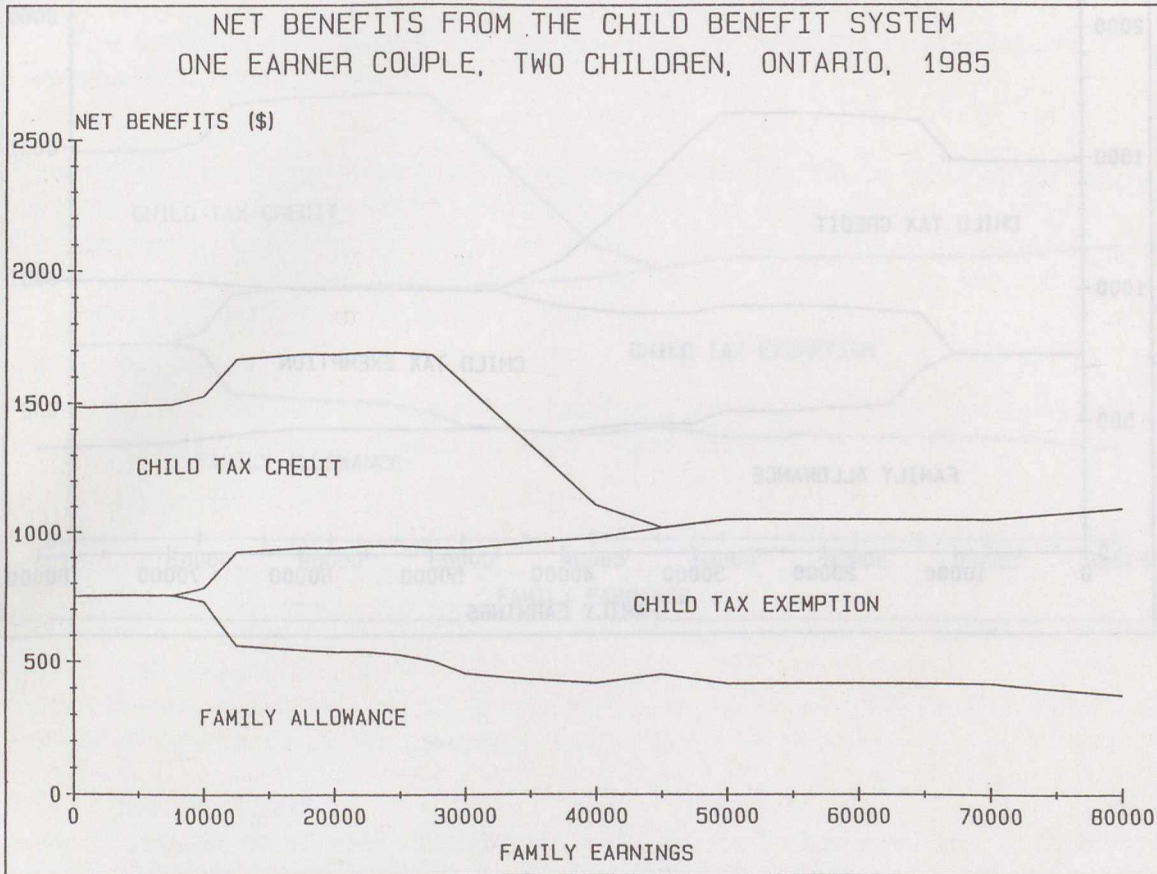
NET ANNUAL BENEFITS PER CHILD (1984)
from Family Allowance, Child Tax Credit, Child Tax Exemption

Family Income	Total Combined Benefits/Child
Under \$10,000.00	\$702.00
\$20,000.00	\$802.00
\$30,000.00	\$784.00
\$45,000.00	\$517.00
\$80,000.00	\$538.00

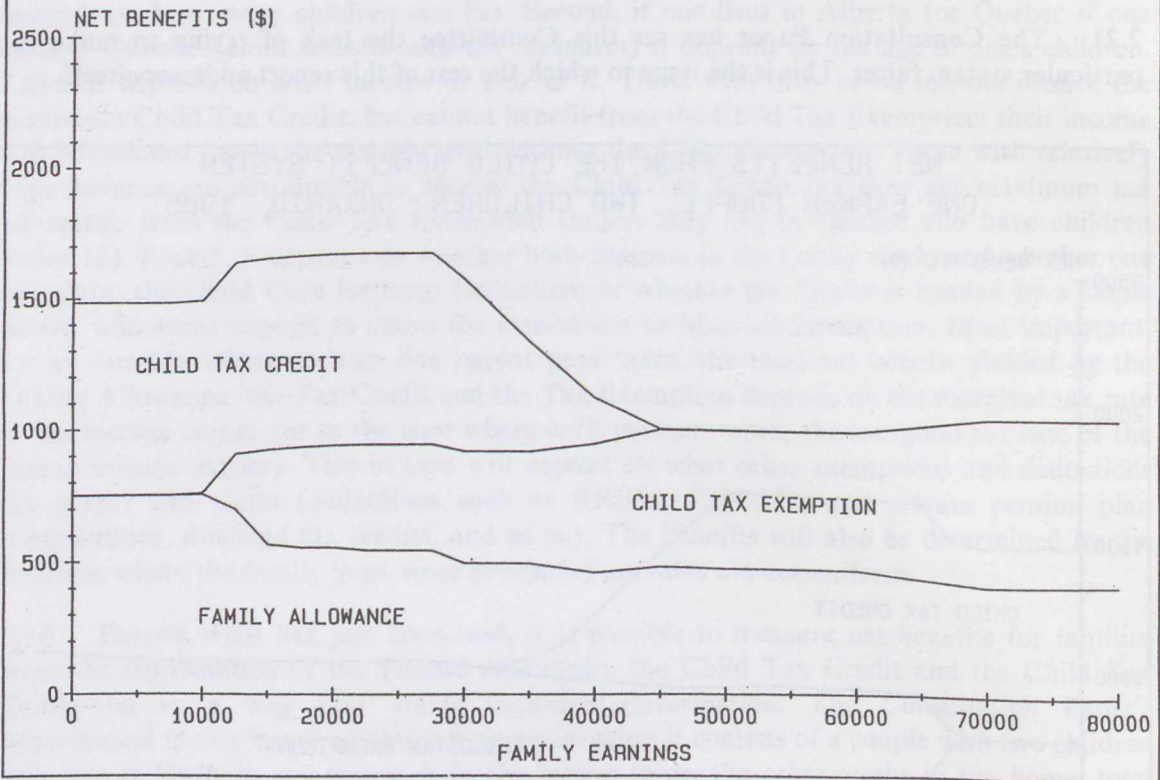
[See three graphs on Net Benefits from the Child Benefit System, 1985]

2.20 The top line of the graph, which indicates total net child benefits with respect to family income levels, has been described by a number of the Committee's witnesses as a rollercoaster, to emphasize the fact that it goes up before it comes down.

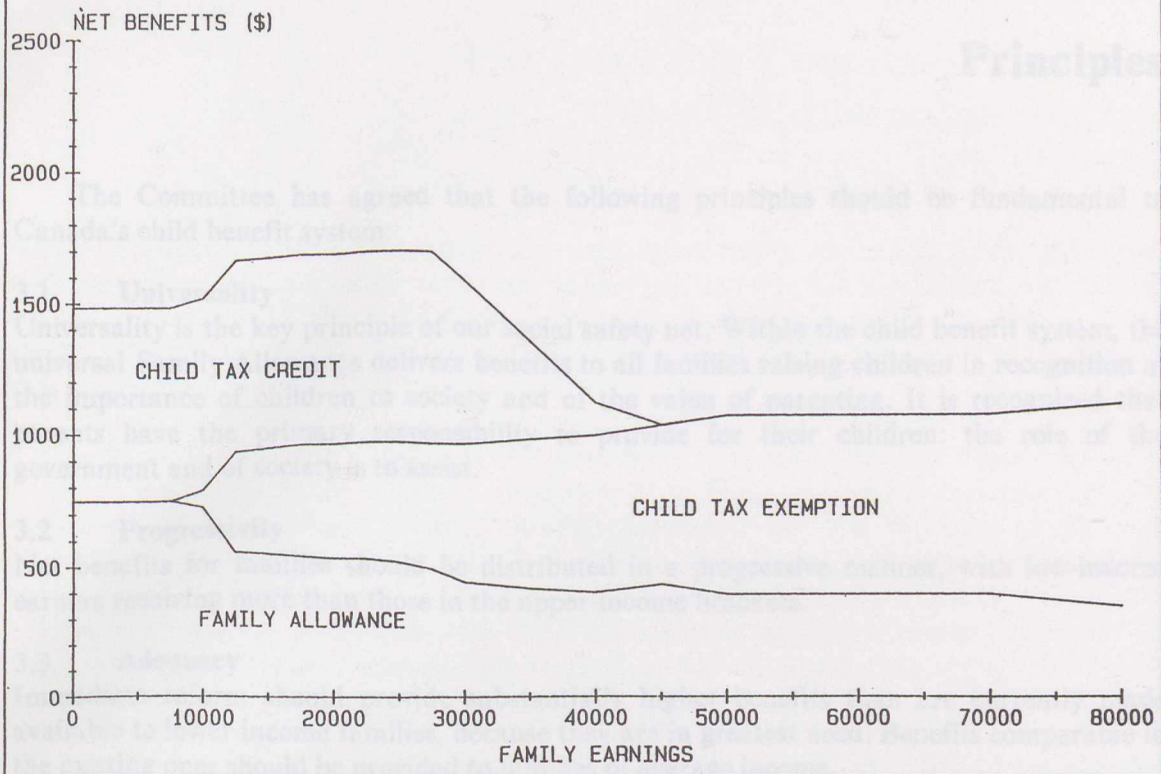
2.21 The Consultation Paper has set this Committee the task of trying to make this particular system fairer. This is the issue to which the rest of this report addresses itself.



NET BENEFITS FROM THE CHILD BENEFIT SYSTEM
TWO EARNER COUPLE, TWO CHILDREN, ONTARIO, 1985



NET BENEFITS FROM THE CHILD BENEFIT SYSTEM
 ONE EARNER COUPLE, TWO CHILDREN, NEWFOUNDLAND, 1985



3.4 Indexation
 Family benefits should be indexed to reflect changes in the cost of living. The NDP feels that family benefits should always be fully indexed to the cost of living.

3.5 Sharing of Costs
 Costs of benefits in the child benefit system should not be borne only by families with children. All taxpayers, individual and corporate, should be contributing their fair share in a progressive and fair income tax system.

3.6 Surtax
 The entire Committee agrees that it has seen no evidence that a surtax on Family Allowances is desirable. The Liberals and the NDP feel that a specific surtax on Family Allowances would erode universality.

SECTION III

The Desirable Character of Principles New Child Benefits System

The Committee has agreed that the following principles should be fundamental to Canada's child benefit system:

3.1 **Universality**

Universality is the key principle of our social safety net. Within the child benefit system, the universal Family Allowance delivers benefits to all families raising children in recognition of the importance of children to society and of the value of parenting. It is recognized that parents have the primary responsibility to provide for their children: the role of the government and of society is to assist.

3.2 **Progressivity**

Net benefits for families should be distributed in a progressive manner, with low-income earners receiving more than those in the upper-income brackets.

3.3 **Adequacy**

Immediate reform should provide substantially higher benefits than are currently made available to lower income families, because they are in greatest need. Benefits comparable to the existing ones should be provided to families of average income.

3.4 **Indexation**

Family benefits should be adjusted to reflect changes in the cost of living. The NDP feels that family benefits should always be fully indexed to the cost of living.

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Costs of benefits in the child benefit system should not be borne only by families with children. All taxpayers, individual and corporate, should be contributing their fair share in a progressive and fair income tax system.

3.6 **Surtax**

The entire Committee agrees that it has seen no evidence that a surtax on Family Allowances is desirable. The Liberals and the NDP feel that a specific surtax on Family Allowances would erode universality.

SECTION IV

The Desirable Characteristics of a New Child Benefits System

4.1 We deal with the problem of finding a desirable system by drawing on our principles and the testimony of our witnesses to describe the way we think the new system should work; that is, how it should affect the families who will receive the benefits. In Section V we discuss some of the tax or transfer measures which might help make it work: the Family Allowance, the Child Tax Credit and so on.

4.2 In its Consultation Paper, the Government sets out two guidelines which are meant to direct the nature of the proposals submitted to it. First, no proposal is acceptable if it causes the deficit to increase. Second, it is to be understood that there will be no net decrease in the social spending envelope, at least in the present fiscal year (1985-86). The Committee accepts these guidelines. However, members express different opinions, in the context of a discussion of benefits to families with children, regarding the use of any savings resulting from redesign for redistribution among all programs in the social spending envelope. This point will be discussed more fully.

4.3 In addition to the guidelines, there is a constraint on the kind of reform this Committee can propose as being desirable. The constraint arises from the nature of the Child Tax Exemption. As the discussion at the end of Section II shows, it is the interaction of the exemption with the other benefits which causes the roller-coaster effect between the benefits of high and low income families. Eliminating the exemption and redistributing the resulting revenues seems, at first, a likely way to make the system fairer. Because the cost of the exemption is borne by both federal and provincial governments — the federal share being \$860 million and the provincial share about \$330 million — the federal government cannot without provincial consent ensure that all revenues would remain in the child benefit system if the exemption were eliminated. In defining the characteristics of a new system, the Committee thinks it desirable to keep substantially all federal and provincial monies in the system. We suggest that every effort be made either to obtain this consent or to develop alternative policy options with substantially the same result, or both.

4.4 With respect to what our witnesses said and wrote on the features of a desirable new system in the context of the Consultation Paper, the evidence was overwhelmingly in favour of the type of result obtained by the first option, which we shall call Option A. Our witnesses felt that a redistribution of the tax expenditures from the Child Tax Exemption to the Child Tax Credit such as proposed in Option A would produce a more desirable distribution of benefits than does the current system. Witnesses felt that some amount of additional benefit to low income earners would be desirable.

4.5 The first strong reservation our witnesses had about Option A concerned those families who would be worse off as a result of the proposed change. Most remarked that a

single-earner couple with two children and an income of \$23,000 should not receive less in order to allow redistribution to very low-income families. There was no general agreement on an income level at which families should receive less. The second strong reservation concerned the diversion of savings to the provinces and to the federal government as a result of the elimination of the Child Tax Exemption.

4.6 The Committee notes that a number of witnesses were understandably confused by two notions: that of the "turning point" on the Child Tax Credit and that of the "crossover point" of a new system with respect to the present system. The turning point is the income level at which the Child Tax Credit starts to reduce. The crossover point in a proposed new system is the income level at which families receive fewer net benefits than under the present system.

4.7 With respect to Option B the Committee notes that most witnesses thought it unacceptable. Most felt it wrong to reduce the Family Allowance. Many thought that not enough money was distributed to low-income earners. A good number thought that on principle it was important to eliminate the Child Tax Exemption entirely.

4.8 We have listened to our witnesses and read what they have had to say with great interest. We find that their testimony is in the main consistent with the principles we have set down in Section 3. Our determination of the desirable characteristics of a new system, based on a two-child, single-earner family in Ontario (the example used in the Consultation Paper) is the following:

(1) The majority of this Committee thinks that the lowest income earners should receive about or above the maximum benefit proposed by Option A, which is \$1940. We suggest a range of \$1900 to \$2200, or \$950 to \$1100 per child for a single earner family.

(2) Earners in the highest marginal tax bracket should receive about the present after-tax benefit from the Family Allowance. We suggest a range of \$350 to \$450, or \$175 to \$225 per child.

(3) Families with an average range of incomes should receive benefits comparable to the benefit they now receive.

- The majority of this Committee thinks that a crossover point in the \$27,000 - \$32,000 range is desirable. Above this level, net family benefits would be reduced.
- The NDP finds that this is too low, and penalizes middle earners with children. It suggests a crossover point of \$45,000, as outlined in its proposal to the Committee.

(4) Federal savings from any change in the system should be used to comply with these conditions first. The Committee differs as to what should be done if these conditions were to be met and federal savings remained.

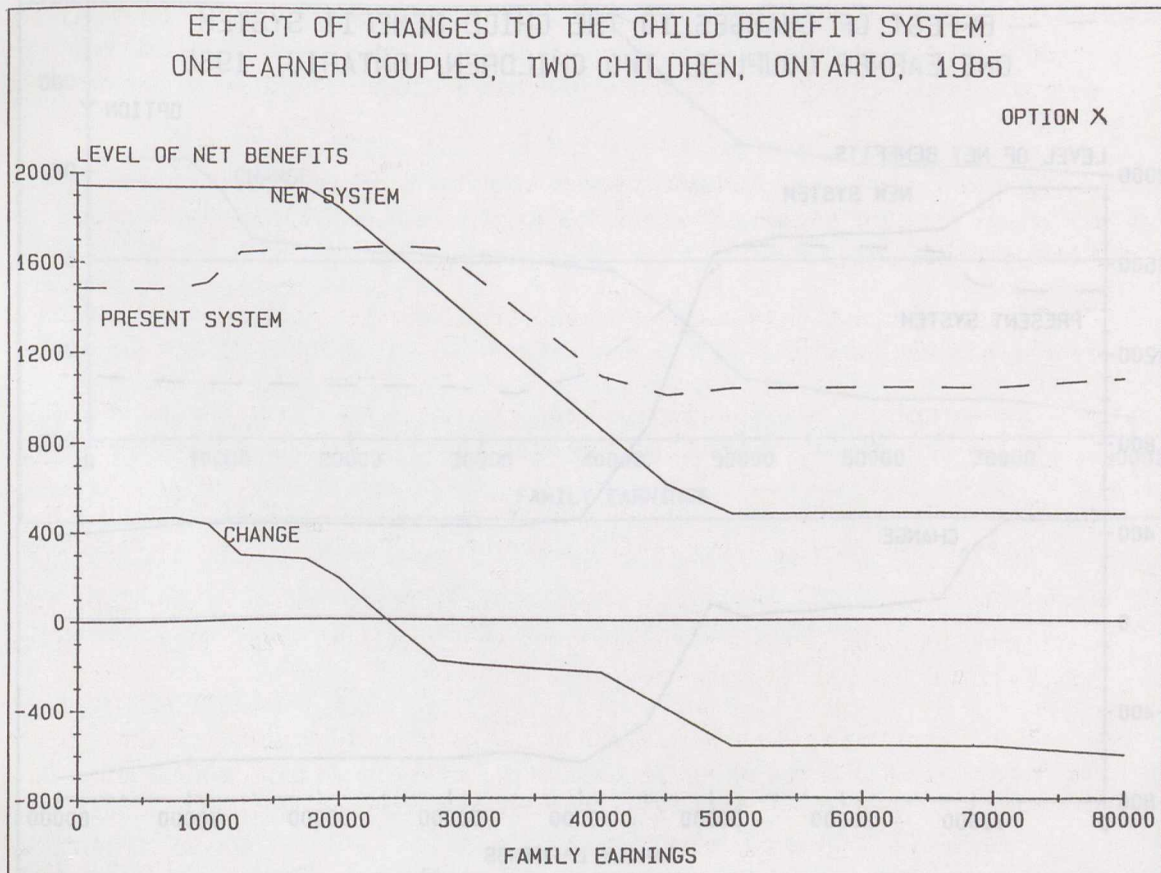
- The Committee agrees that it would be inappropriate to reallocate federal savings to programs in areas of the social planning envelope in departments other than National Health and Welfare, such as, for example, those administered by the Canada Mortgage and Housing Corporation.

- The NDP and Liberal members prefer to direct all federal savings to the child benefit system.

(5) The Committee feels that every effort should be made to minimize any change in provincial revenues resulting from the reduction of the Child Tax Exemption. This should be done either by negotiation, or by developing alternative policy devices with substantially the same result, or both.

4.9 Our Committee is confident that options substantially meeting our criteria — options better than Option A — are possible even without assuming that all provincial savings are put back into the system. What makes this possible is the introduction of “policy devices” — ways to deliver benefits — which are not contemplated by the Consultation Paper.

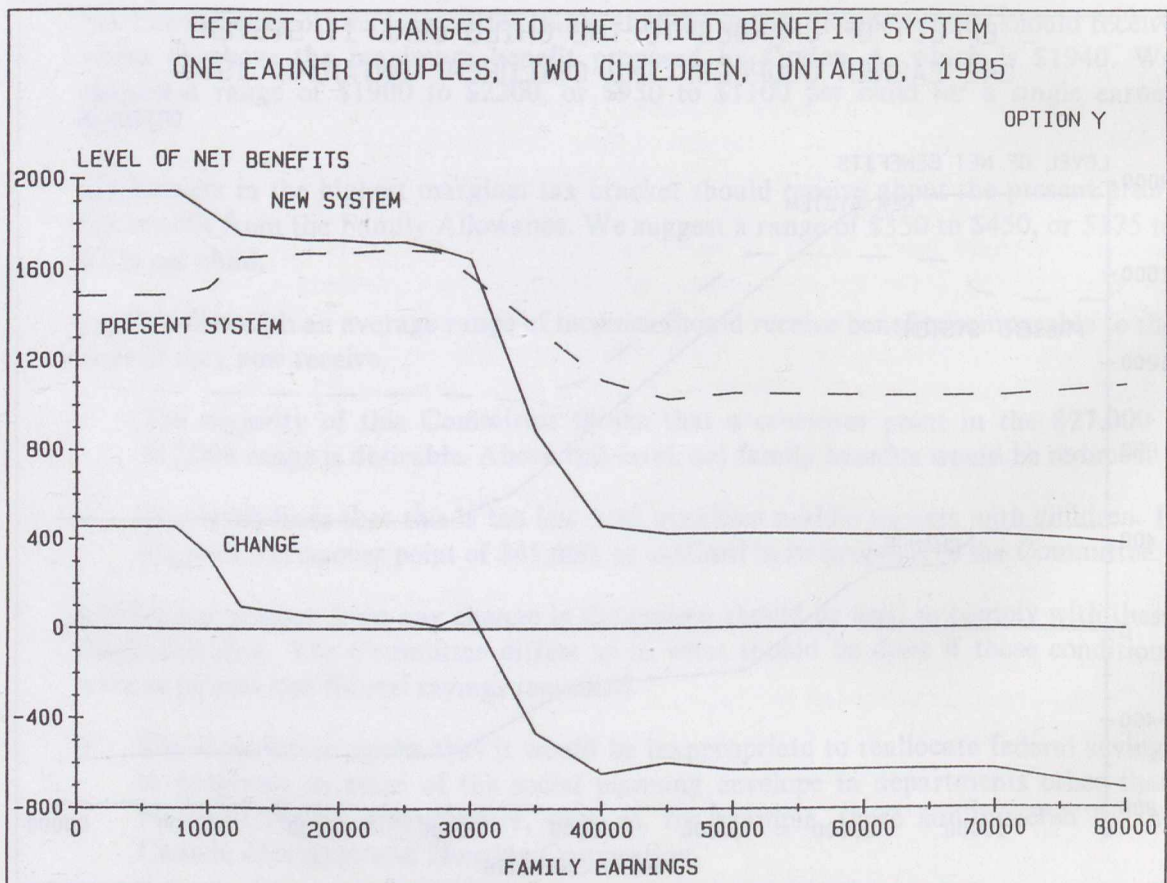
4.10 The Committee has had the following graphs prepared to illustrate what can be done in this regard. In Option X the new device would be a non-taxable Family Allowance of \$240 (a greater net benefit to high income earners than at present, although of course the actual monthly payment would be less). The Child Tax Exemption would be eliminated. The Child Tax Credit would be around \$730. There would be no federal savings. Net provincial savings would be reduced to \$150 million. One of the advantages of this option over any option where the Family Allowance is taxed would be that the high benefit to low-income families would not decline sharply between the \$8,000 to \$13,000 range as proposed in Option A. Many single-parent families fall in this range.



4.11 In option Y the new device is a higher reduction rate (a higher "effective tax" rate) on the Child Tax Credit. The Child Tax Exemption would again be eliminated. The Family Allowance would remain taxable. The Child Tax Credit would be increased to \$595 and the reduction rate would be 15% for family net incomes in excess of \$29,670.

4.12 We recognize that there are problems with both options X and Y. Option X does not meet our crossover objective, although there is more money in the system than in Option Y. None of us is completely comfortable with the idea of raising the tax rate so significantly on a selective benefit in order to redistribute significant money from those earning above \$40,000 to those earning \$30,000 or less. Some of us do not approve of a non-taxable Family Allowance.

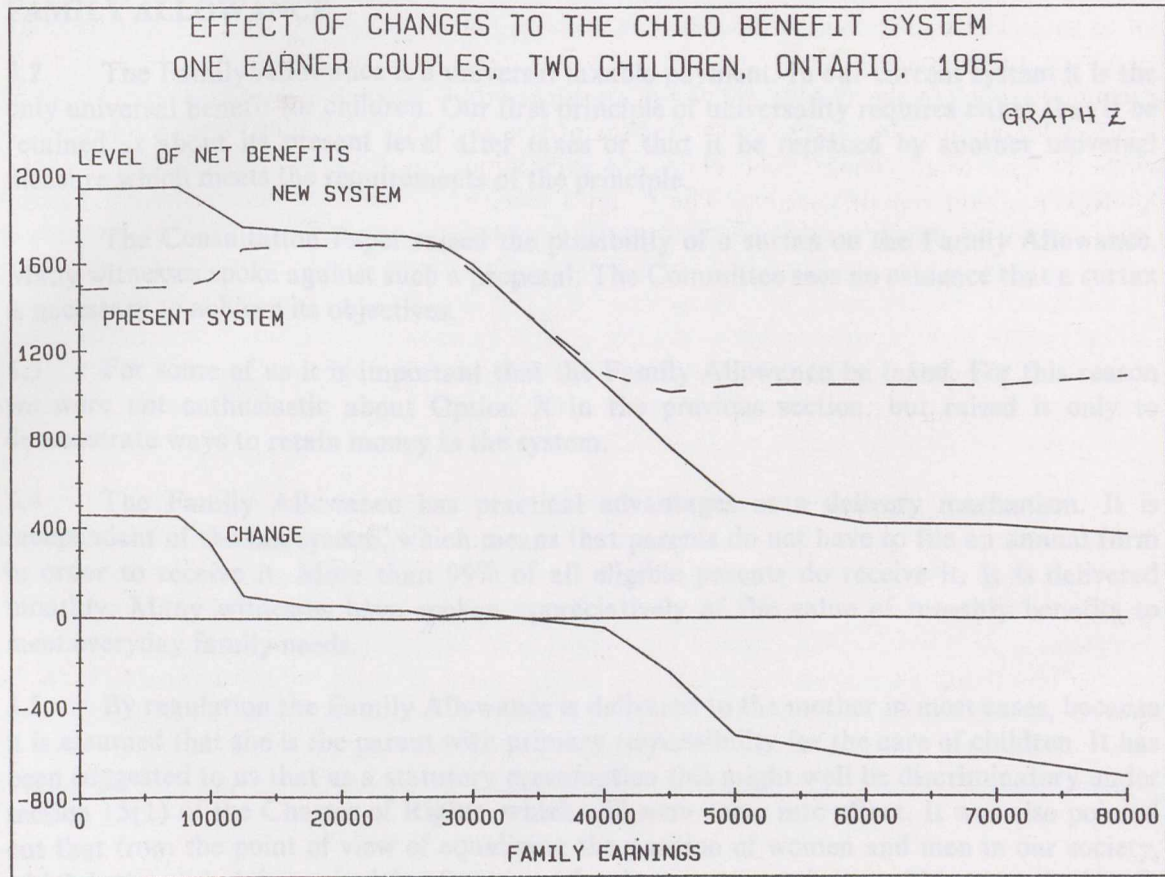
4.13 All of us feel, nonetheless, that the search for an option which meets our criteria is not in vain. There may well be devices that we have not contemplated which would serve to keep even more money in the system. While we cannot specify an option that will retain all provincial money in the system, we can demonstrate that our objectives can be reached if a device is found, or if negotiation with the provinces is successful. Graph Z describes a system which has no total savings. The child tax exemption would be eliminated. The Family Allowance would remain taxable. The Child Tax Credit would be increased to \$595 per child. The turning point would be \$27,500 and the reduction rate 5%.



4.14 The Committee proposes that the government undertake a reexamination of the issue and proceed with the best reform possible, as defined by this Report, by the end of the summer.

4.15 The Committee urges the government to use all possible forums to negotiate agreements with the provinces that will keep money in the child benefit system if this measure is necessary to meet our criteria.

4.16 The Committee also urges the government to negotiate agreements with the provinces to ensure that increased assistance to low income families is not offset by reductions in provincial family support payments.



Income earner of a couple is most likely to be primarily responsible for their children and should be receiving the Family Allowance. The Committee agrees with this view and proposes the change, which the low income sector requires.

CHILD TAX EXEMPTION

3.6 The Child Tax Exemption is a selective tax measure, it benefits only those with sufficient taxable income. The exemption is broadly targeted however, and does not benefit only higher income families. The exemption increases the taxability of which tax benefits are paid, which is an important advantage for some low income parents. For all parents who pay

SECTION V

Policy Devices

5.1 In section IV the Committee described a desirable distribution of child benefits. In this section we discuss the merits of various policy devices or mechanisms for achieving such a distribution.

FAMILY ALLOWANCE

5.2 The Family Allowance is a universal taxable payment. In our current system it is the only universal benefit for children. Our first principle of universality requires either that it be retained at about its present level after taxes or that it be replaced by another universal measure which meets the requirements of the principle.

The Consultation Paper raised the possibility of a surtax on the Family Allowance. Many witnesses spoke against such a proposal. The Committee sees no evidence that a surtax is necessary to achieve its objectives.

5.3 For some of us it is important that the Family Allowance be taxed. For this reason we were not enthusiastic about Option X in the previous section, but raised it only to demonstrate ways to retain money in the system.

5.4 The Family Allowance has practical advantages as a delivery mechanism. It is independent of the tax system, which means that parents do not have to file an annual form in order to receive it. More than 99% of all eligible parents do receive it. It is delivered monthly. Many witnesses have spoken appreciatively of the value of monthly benefits to meet everyday family needs.

5.5 By regulation the Family Allowance is delivered to the mother in most cases, because it is assumed that she is the parent with primary responsibility for the care of children. It has been suggested to us that as a statutory presumption this might well be discriminatory under section 15(1) of the Charter of Rights, which will soon come into effect. It was also pointed out that from the point of view of equalizing the position of women and men in our society, which is the underlying principle of section 15, a better assumption would be that the lower-income earner of a couple is most likely to be primarily responsible for their children and should be receiving the Family Allowance. The Committee agrees with this view and proposes the change, unless the low-income earner requests otherwise.

CHILD TAX EXEMPTION

5.6 The Child Tax Exemption is a selective tax measure; it benefits only those with sufficient taxable income. The exemption is broadly targeted, however, and does not benefit only higher income families. The exemption increases the threshold at which tax begins to be paid, which is an important advantage for some low income parents. For all parents who pay

taxes it involves some recognition of the costs of raising children. Single earner couples with two children who have incomes as low as \$9,000 receive some benefit from the exemption. The income level at which parents may receive some benefit is even lower when there is only one child in the family. However, the exemption is of greater advantage the higher one's marginal tax rate is. The effect of the current measure within the child benefit system is to produce higher after tax benefits to higher income families and lower after tax benefits to low income families than we feel are desirable.

CHILD TAX CREDIT

5.7 The Child Tax Credit is a selective tax measure targeted at low and middle income families. Because it is refundable, that is, given to those who would not otherwise have taxable income, and because it reduces above a certain income level, it meets our principles of progressivity and adequacy, as well as cost sharing.

5.8 At the present time the turning point of the Child Tax Credit is not indexed although it has been in the past. All members of the Committee have agreed that benefits for children be indexed to preserve the real value of the benefit. This is provided for by our principle of indexation. However, we do not believe that these adjustments should be made without taking into account changes in income. The majority is concerned that automatically indexing both the turning point and the initial benefit amount could result in over-indexation of the benefit. The majority does recognize, however, that if no adjustment were made to the initial benefit and the turning point, middle income Canadians could see their benefits erode significantly when compared to those with lower incomes. For this reason, the majority proposes that there be an annual review of initial benefit levels and of the turning point to ensure that net family benefits are not eroded by inflation.

5.9 There are practical problems with the Child Tax Credit as it now exists. First, for lower income families the benefit is delivered as a yearly lump sum. Some witnesses have proposed that it be delivered monthly, with the Family Allowance, to increase the amount available for day-to-day expenses. However, we were most impressed by the evidence of the National Anti-Poverty Organization and others who suggested that families, who have no access to credit, appreciated receiving a bigger sum to cover larger expenses such as household repairs, back to school clothing, and so on. We were persuaded by this argument. We propose that if reform results in a substantially larger Child Tax Credit than exists at present the government should consider the feasibility of paying the benefit out more than once a year, but not monthly.

5.10 Second, the Child Tax Credit has encouraged the growth of tax discounters. Pursuant to the *Tax Rebate Discounting Act* discounters are allowed to charge up to 15% for their services. We do not want money which helps provide for the needs of families diverted to tax discounters. We feel that 15% is an exorbitant rate of return for the risks discounters take in advancing refunds to low-income families. We strongly urge that the federal government in consultation with the provincial governments, outlaw tax rebate discounting.

5.11 The NDP points out that measures which raise taxes directly and not indirectly through the elimination or reduction of the Child Tax Exemption have been notably absent from their discussion. If some regressive aspects of the general tax system were removed and part of the resulting revenues put back into the child benefit system:

- all of society and not just families with children would pay for the cost of this reform.
- the net benefit for low income earners could be higher than that proposed by the majority of this Committee.
- the crossover point could be raised.
- the problem of money leaving the system to the provinces would not dominate the search for alternatives.
- the deficit would not be increased.

5.12 The NDP proposes the following tax measures as a device for increasing revenues for child benefit reform and other social programs:

- a minimum tax of 20% of taxable income for all taxpayers who earn \$50,000 or more.
- an increase of the highest marginal tax rate to its pre-1982 level. The NDP estimates that these measures could result in an additional \$2.1 billion.

SECTION VI

Where do We go from Here?

6.1 The great value of the Consultation Paper has been to recognize explicitly that there is a connection between direct expenditures and tax expenditures, and to explore the consequences of these relationships in terms of the people these programs affect. The Consultation Paper recognizes that tax expenditures — the Child Tax Exemption and the Child Tax Credit — and a direct expenditure — Family Allowances — have similar ends, namely to help support families with children, or to recognize the costs of raising children. For this reason, the paper looks at the impact these three programs have on Canadian families to see if they are operating as we think they should. We conclude that they are not. This is so because of the interaction of the three programs which results in net benefits rising as income rises and the persistence of this effect over a significant range of income. As noted above, this effect arises primarily because of the Child Tax Exemption which is of more value as taxable income rises.

6.2 The Committee feels that a similar analysis should be made of all other personal tax expenditures and direct expenditures for social programs. It recommends that the government pursue such a comprehensive study as a priority.

6.3 In this regard we were urged by many witnesses to recommend that some or all of the personal deductions and the Child Care Expense Deduction be transformed into refundable tax credits. The proposal has obvious attractions. However, the majority of us think such a recommendation should follow a review of the sort we are advocating.

- The NDP is concerned that there is no recommendation concerning reform of the Child Tax Exemption and no consideration of tax reforms, that would include childless taxpayers. NDP members recommend that the government undertake tax reforms affecting persons earning over \$50,000 (a minimum 20% tax and a return to 1981 marginal tax rates). \$345 million of the additional \$2.1 billion dollars in revenues should be used to increase the Child Tax Credit by 80%. This would help to compensate middle income earners (up to \$45,000) for the loss of their Child Tax Exemption. It would also increase benefits for the poor. All child benefits should be indexed.
- The NDP also recommends that the government undertake a wider review of all personal exemptions including the Marital Exemption and the Child Care Expense Deduction which should be converted to tax credits so that poor families will share these benefits.
- The NDP recommends that a wider review of anti-poverty measures be undertaken by federal and provincial governments with a view to bringing incomes of the working poor and welfare families above the poverty line. Special needs of single parent families should be a priority including the expansion of day care.

- The NDP recommends that the government undertake a wide review of corporate as well as personal taxes to increase general revenues for social programs and job creation with reforms that will eliminate corporate give aways and unfair tax shelters unless new jobs are guaranteed in exchange for tax concessions.
- Members of the Liberal Party also wish to point to the importance of the link between programs which benefit businesses and the tax system. Just as child tax exemptions may be regarded as a benefit to families, various other deductions may be thought of as benefits to businesses. These members also propose that there be a review of all business-related tax expenditures.

SECTION VII

Recommendations

The discussion in this report gives rise to the following recommendations.

With respect to the fairness of the child benefit system the Committee recommends that:

1. the government should undertake a reexamination of this matter and proceed with the best reform possible consistent with the principles and objectives set out in sections III and IV of this Report *by the end of the summer*;
2. the government should allocate any federal savings to the Health and Welfare budget and use all possible forums to negotiate an agreement with the provinces that will keep money in the system;
3. the government should at the same time urge the provinces to ensure that the objectives of reform are not defeated by provincial decisions regarding their own social assistance programs;
4. there should be an annual review of benefit levels and any turning point levels to ensure that net benefits are not eroded by inflation;
5. Family Allowance benefits and Child Tax Credit benefits in the new system should be paid to the lower income earner in a family unless otherwise requested by the lower income earner;
6. the federal government, in consultation with the provincial governments, should take steps to outlaw tax rebate discounters.

With respect to further reform in the area of child benefits, in particular, and benefits to families and individuals, in general, the Committee recommends that:

7. Health and Welfare Canada coordinate a study of the costs of caring for children by ages and from region to region, and for those living in smaller centres or rural areas as well as large urban centres as a basis for further decision-making;
8. the government resume publication of the tax expenditure account for all personal and business-related tax expenditures;
9. as a priority, the government conduct a review of all personal tax expenditures and related direct expenditures in order to determine the efficiency of the system as a whole. The review should involve public consultation. The terms of the review should incorporate an early but realistic reporting date;
10. the subject of elderly benefits be referred again to the Committee for further study.

APPENDIX I

Approaches to the Definition of Poverty

(Excerpted from a document prepared by the Ministry of State for Social Development, March 1983.)

There are two basic views on poverty. *Absolute poverty* refers to the levels of subsistence below which it is not possible to live with a minimal level of well-being. *Relative poverty* refers to standards of living deemed to be low in relation to average living standards.

In measuring absolute poverty the so-called *budget approach* is used. A poverty line is set by specifying a basket of goods that must be purchased to maintain physical efficiency. Since a "subsistence" level cannot be defined independently of a society's living standards, in practice, the basket of goods is based on the judgement of what is acceptable to the community at large and not on the determination of the biological minimum required to sustain life.

Relative poverty lines embody an explicit relationship to community standards. This relationship can either be based on the consumption pattern of average families (the approach used by Statistics Canada) or else on the income of average families (the approach used by the Canadian Council on Social Development — CCSD — and the Senate Committee on Poverty). In that context, the poor are those who fall below some average standard; for instance, the poverty line could be set at 50% of average family income.

Measures Commonly Used

There is no official definition of poverty in Canada. The only widely used measures are the Statistics Canada Low Income Cut-Offs. According to the Statistics Canada definition, a family unit is considered to have low income if it spends 20 percentage points more of its income than the average family unit on necessary goods (shelter, food, clothing). Thus, in 1959, a unit was considered to have low income if it had to spend 70% of its income on necessities — 20 percentage points more than the average of 50%. By 1969 the average had dropped from 50% of income to 42%, so the low income cut-offs were adjusted upward to the point where 62% of income was spent on necessities. Since 1979 the low-income cut-offs have also been based on families having to spend 58.5% or more of their income on necessities.

A separate low income line is generated for each family size and size of urban area. Different income levels are necessary to maintain the same standard of living depending on

family size and the markets faced. The lines generally referred to are those for medium-sized cities (30,000 to 99,999).

**ESTIMATED POVERTY LINES:
CCSD AND STATISTICS CANADA MEASURES**

FAMILY SIZE	CCSD (PUBLISHED 1984)	STATISTICS CANADA (USING 1978 BASE, 1983 DATA)*		
		<u>RURAL</u>	<u>MEDIUM</u>	<u>METRO</u>
One	9,056	6,973	8,400	9,429
Two	15,094	9,113	11,016	12,440
Three	18,113	12,203	14,739	16,641

* Published 1985

APPENDIX II

Witnesses

The following individuals testified before the Committee:

March 1 1985 - issue 4

The Honourable Jake Epp, Minister of National Health and Welfare

March 5 1985 - issue 5

Dr. David Moores, President, Planned Parenthood Federation of Canada

Marilyn Wilson, Executive Director, Planned Parenthood Federation of Canada

Judith Nolté, Research Co-ordinator, Planned Parenthood Federation of Canada

March 8 1985 - issue 6

Margaret Anne Mitchell, M.P., New Democratic Party

Cathy Martin, New Democratic Party

Judy Giroux, New Democratic Party

Dr. Glenn Drover, President, Canadian Association of Social Workers

March 12 1985 - issue 7

Merv Harrison, Chairperson, National Working Group on the Economy and Poverty,
United Church of Canada

Rev. Eilert Frerichs, National Working Group on the Economy and Poverty, United
Church of Canada

Rev. Faye Wakeling, National Working Group on the Economy and poverty, United
Church of Canada

Marcelle Dolment, Réseau d'action et d'information pour les femmes (RAIF)

Chantal Ouellet, Réseau d'action et d'information pour les femmes (RAIF)

March 19 1985 - issue 8

Dr. Kenneth Calmain, Ontario Social Development Council

Rosemarie Popham, Ontario Social Development Council

Joan Higginson, Ontario Social Development Council

Margaret Goodier, RealWomen of Canada

Lyman McInnis, Chartered Accountant, RealWomen of Canada

March 21 1985 - issue 9

Louise Dulude, Vice-President, National Action Committee on the Status of Women
Cora Davenport, President, National Anti-Poverty Organization
Patrick Johnston, Executive Director, National Anti-Poverty Organization
Ken Battle, Director, National Council of Welfare
Ken Battle, Social Policy Reform Group
Louise Dulude, Social Policy Reform Group
Gweneth Gowanlock, Social Policy Reform Group
Patrick Johnston, Social Policy Reform Group
Richard Martin, Executive Vice-President, Canadian Labour Congress
Robert Baldwin, Canadian Labour Congress
Gerry Gaughan, Vice-Chairperson, Family Service Canada
Trevor Williams, Executive Director, Family Service Canada
Margaret MacGee, President, National Council of Women of Canada
Amy Williams, Past President, National Council of Women of Canada
Robert Glossop, Co-ordinator of Programs, Vanier Institute of the Family
Landon Pearson, Canadian Council on Children and Youth
Brian Ward, Executive Director, Canadian Council on Children and Youth
Monique Simard, Vice-President, Confédération des syndicats nationaux for La Coalition pour l'universalité
Denise Bélanger-Rochon, President, Fédération des femmes du Québec, for La Coalition pour l'universalité
Professor David Wolfe, Social Planning Council of Metropolitan Toronto
Jeffrey Patterson, Senior Program Director, Social Planning Council of Metropolitan Toronto

March 25 1985 - issue 10

Frank Ballachey, Canadian Council on Social Development
Terrance Hunsley, Executive Director, Canadian Council on Social Development
David Ross, Canadian Council on Social Development

APPENDIX III

Submissions

The following 92 groups and individuals submitted written material (briefs, reports, statements) to the Committee:

- Alberta Federation of Women United For Families
- Constantin Bagordo (Rawdon, Québec)
- British Columbia Health Association
- Calgary Coalition for Support of Persons on Welfare
- Canadian Advisory Council on the Status of Women
- Canadian Association of Schools of Social Work
- Canadian Association of Social Workers
- The Canadian Chamber of Commerce
- Canadian Council of Retirees (CLC) (Ontario Section)
- Canadian Council on Children and Youth
- Canadian Council on Social Development
- The Canadian Home and School & Parent-Teacher Federation
- Canadian Labour Congress
- Canadian Long Term Care Association
- Verna Catikkas (Winnipeg, Manitoba)
- Central Organization of Sudeten-German Clubs in Canada
- Professor David J. Cheal (Winnipeg, Manitoba)
- Keith L. Clark (Hamilton, Ontario)
- C. Clarke (Chalk River, Ontario)
- Coalition pour l'universalité, Confédération des Syndicats nationaux (CSN)*
- Community Services Council of Newfoundland and Labrador
- Comprehensive Childcare Services (Yellowknife, NWT)
- Confédération des Organismes Familiaux du Québec Inc.*

The Council on Aging (Ottawa, Ontario)
Council On Pension Reform For Singles
R.M. Crosse (Niagara-on-the-Lake, Ontario)
Joy K. Downs (Victoria, B.C.)
The Economic Communication Group (Ottawa, Ontario)
Edmonton Chamber of Commerce
Catherine England (Niagara-on-the-Lake, Ontario)
Esquimalt-Saanich Women's Association
Linda Evans (Edmonton, Alberta)
W.K. Fadden (Vancouver, B.C.)
Family Service Canada
Family Services of Hamilton-Wentworth Inc.
Federal Superannuates National Association
A.H. Flood (Beachville, Ontario)
David J. Freedman (Ottawa, Ontario)
Martina Heinzl (Toronto, Ontario)
Jeanne Ihle (address unknown)
Gayle Jakubinek (Ottawa, Ontario)
Glenn Julian (Kitchener, Ontario)
Harry Katz (Toronto, Ontario)
Kitchener Chamber of Commerce
C. Kulbisky (Brandon, Manitoba)
Elizabeth Lambie (Halifax, Nova Scotia)
Le Carrefour de l'Auvergne (Charlesbourg, Québec)
Le Réseau d'Action et d'Information pour les femmes (RAIF)
Judith A. Lee (Ottawa, Ontario)
Life Underwriters Association of Canada (LUAC)
Sophie Maglione (Bentley, Alberta)
Manitoba Association of Social Workers
Manitoba Society of Seniors
Professor Douglas J. McCready (Waterloo, Ontario)
Dorine McIvor (Vancouver, B.C.)
Mouvement Couple et Famille Inc. (Ottawa, Ontario)

National Action Committee on the Status of Women
 National Advisory Council on Aging
 National Anti-Poverty Organization
 National Council of Welfare
 The National Council of Women of Canada
 National Union of Provincial Government Employees
 The New Democrats
 Emeka A. Njoku (London, Ontario)
 H.S. Norris Consultants Limited
 Nova Scotia Advisory Council on the Status of Women
 Nuu-chah-nulth Tribal Council
 Ontario Association of Children's Aid Societies
 Ontario Association of Family Service Agencies
 The Ontario Gerontology Association
 Ontario Social Development Council
 Planned Parenthood Federation of Canada
 Dr. A.K. Ray (Ottawa, Ontario)
 RealWomen of Canada
 Professor A. Reedyk (Toronto, Ontario)
 Regional Niagara Social Services Department
 H. Reinikka (Schomberg, Ontario)
 R.C. Rhodes and F.E. Barry (Castlegar, B.C.)
 John Ruypers (London, Ontario)
 Michelle M. Saindon (Courcellette, Québec)
 P.O. Salenius (Fredericton, N.B.)
 Senior Citizens' Central Council of Calgary
Service de Préparation à la Vie Inc. (Montréal, Québec)
 Joe and Joyce Simpson (Lloydminster, Saskatchewan)
 Hon. Muriel Smith, Minister of Community Services (Manitoba)
 Social Planning Council of Metropolitan Toronto
 Social Planning Council of Oshawa-Whitby
 Social Planning Council of Winnipeg
 Social Policy Reform Group

Joan Stankunas (Surrey, B.C.)
George W. Strain (Providence Bay, Manitoulin Island, Ontario)
O.J. Swintak (Penticton, B.C.)
James Thachuk (Barrhead, Alberta)
The 411 Seniors' Centre Society (Vancouver, B.C.)
Rita Ubriaco (Thunder Bay, Ontario)
The United Church of Canada
United Way of the Lower Mainland (North Vancouver, B.C.)
The Vanier Institute of the Family
Mrs. Gerald Weinlander (Montreal, Québec)
Welfare Rights Centre
Mac Welman (Willowdale, Ontario)
Women for Life, Faith and Family (Victoria, B.C.)

A copy of the relevant Minutes of Proceedings and Evidence (Issues Nos. 3, 4, 5, 6, 7, 8, 9, 10, 11, which includes the report) is tabled.

Respectfully submitted,

**BRUCE HALLIDAY,
Chairman.**

MINUTES OF PROCEEDINGS

MONDAY, APRIL 1, 1985

(15)

[Text]

The Standing Committee on Health, Welfare and Social Affairs met *in camera* at 3:40 o'clock p.m., this day, the Chairman, Bruce Halliday, presiding.

Members of the Committee present: Gabrielle Bertrand, Douglas Frith, Bruce Halliday, W. Paul McCrossan, Margaret Anne Mitchell, Brian White, Neil Young.

Alternate present: Bill Lesick.

In attendance: From the Research Branch of the Library of Parliament: Helen McKenzie, and Mildred Morton and Richard Shillington, Research Officers. From the Translation Bureau, Department of the Secretary of State: Frédérique Dumas.

The Committee resumed consideration of its Order of Reference dated Thursday, February 7, 1985 concerning the document entitled "Child and Elderly Benefits—Consultation Paper". (See *Minutes of Proceedings and Evidence of Tuesday, February 12, 1985, Issue No. 3*).

The Chairman presented the Seventh Report of the Subcommittee on Agenda and Procedure, which is as follows:

—That, notwithstanding the deadline specified in the Sixth Report of the Sub-committee on Agenda and Procedure, the Sub-committee for the Report on Child and Elderly Benefits present to the Committee its draft report on the Order of Reference relating to the Child and Elderly Benefits consultation paper no later than Monday, April 1, 1985.

On motion of Margaret Anne Mitchell, it was agreed,—That the Seventh Report of the Sub-committee on Agenda and Procedure be concurred in.

The Chairman presented the First Report of the Sub-committee for the Report on Child and Elderly Benefits.

On motion of Paul McCrossan, it was agreed,—That the Report be recommitted to the Sub-committee for the Report on Child and Elderly Benefits for further consideration and report by April 2, 1985.

On motion of Gabrielle Bertrand, it was agreed,—

1. That, in addition to the 1000 copies usually printed, 2500 extra copies of the report be printed for distribution to interested parties;
2. that the report be printed in tumble format;
3. that the report be printed with a special cover;
4. that the inside cover of the report feature a list of all Members of Parliament who participated in the inquiry on Child and Elderly Benefits as Members or Alternates of the Committee;
5. that a press release be prepared for distribution on the date of tabling;

PROCÈS-VERBAL

LE LUNDI 1^{er} AVRIL 1985

(15)

[Traduction]

Le Comité permanent de la santé, du bien-être social et des affaires sociales se réunit à huis clos, ce jour à 15 h 40, sous la présidence de Bruce Halliday, (*président*).

Membres du Comité présents: Gabrielle Bertrand, Douglas Frith, Bruce Halliday, W. Paul McCrossan, Margaret Anne Mitchell, Brian White, Neil Young.

Substitut présent: Bill Lesick.

Aussi présents: Du Service de recherche de la Bibliothèque du parlement: Helen McKenzie, Mildred Morton, Richard Shillington, attachés de recherche. Du Bureau des traductions du ministère du Secrétariat d'État: Frédérique Dumas.

Le Comité reprend l'étude de son ordre de renvoi du jeudi 7 février 1985 relatif au document intitulé *Prestations aux enfants et aux personnes âgées—Document d'étude*. (Voir *Procès-verbaux et témoignages du mardi 12 février 1985, fascicule n° 3*).

Le président présente le Septième rapport du Sous-comité du programme et de la procédure libellé en ces termes:

Que, nonobstant l'échéance prévue par le Sixième Rapport du Sous-comité du programme et de la procédure, le Sous-comité du Rapport sur les prestations aux enfants et aux personnes âgées soumette au Comité, l'ébauche du Rapport portant sur l'ordre de renvoi ayant trait au document d'étude sur les prestations aux enfants et aux personnes âgées, au plus tard le lundi 1^{er} avril 1985.

Sur motion de Margaret Anne Mitchell, *il est convenu*,—Que le Septième rapport du Sous-comité du programme et de la procédure soit adopté.

Le président présente le Premier rapport du Sous-comité du Rapport sur les prestations aux enfants et aux personnes âgées.

Sur motion de Paul McCrossan, *il est convenu*,—Que le rapport soit de nouveau renvoyé au Sous-comité du Rapport sur les prestations aux enfants et aux personnes âgées pour plus ample examen et que le Sous-comité en fasse rapport au plus tard le 2 avril 1985.

Sur motion de Gabrielle Bertrand, *il est convenu*,—

1. Que, outre les 1000 exemplaires habituels, on fasse imprimer 2500 exemplaires du rapport à l'intention des partis intéressés;
2. que les versions française et anglaise du rapport paraissent en tête-bêche;
3. que le rapport s'accompagne d'une page couverture distincte;
4. que sur la couverture intérieure du rapport figure une liste de tous les députés qui ont participé à l'enquête sur les prestations aux enfants et aux personnes âgées, à titre de membres ou de substituts du Comité;
5. qu'un communiqué de presse soit rédigé à temps pour être distribué le jour même où le rapport sera déposé;

6. that the Chairman table the report in the House on or before April 3, 1985, and that the Chairman be authorized to name an acting Chairman for that purpose as required.

At 3:51 o'clock p.m., the Committee adjourned to the call of the Chair.

6. que le président dépose le rapport sur le bureau de la Chambre le 3 avril 1985 ou avant cette date, et qu'il soit autorisé à désigner un président suppléant à cette fin comme l'exige le Règlement.

A 15 h 51, le Comité s'ajourne jusqu'à nouvelle convocation du président.

Le greffier du Comité

Donald G. Reid

Clerk of the Committee

The Standing Committee on Health, Welfare and Social Affairs met in closed session at 3:51 p.m. on Monday, April 1, 1985, for the purpose of adjourning to the call of the Chair. The Chairman presented the Report on Child and Elderly Benefits—Committee Report, which is as follows:—

That notwithstanding the deadline specified in the Report of the Sub-committee on Agenda and Procedure, the Sub-committee for the Report on Child and Elderly Benefits presented to the Committee its Report on the Child and Elderly Benefits—Committee Report on Monday, April 1, 1985.

On motion of Margaret Anne Mitchell it was agreed that the Report of the Sub-committee on Agenda and Procedure be concurred in.

The Chairman presented the first Report of the Sub-committee for the Report on Child and Elderly Benefits.

On motion of Paul M. Cavanagh it was agreed that the Report be recommitted to the Sub-committee for the Report on Child and Elderly Benefits for further consideration and report by April 2, 1985.

On motion of Geraldine Beckett it was agreed:—

1. That in addition to the 1985 extra usually printed 3500 extra copies of the report be printed in triplicate in interested parties.
2. That the report be printed in triplicate.
3. That the report be printed with a special cover.
4. That the report be printed in the report series a list of all Members of Parliament who participated in the inquiry on Child and Elderly Benefits as Members or Assistants of the Committee.
5. That a year volume be prepared for distribution on the date of tabling.

MINUTES OF PROCEEDINGS

TUESDAY, APRIL 2, 1985
(16)

[Text]

The Standing Committee on Health, Welfare and Social Affairs met *in camera* at 3:48 o'clock p.m., this day, the Chairman, Bruce Halliday, presiding.

Members of the Committee present: Gabrielle Bertrand, Pauline Browes, Leo Duguay, Bruce Halliday, Jean-Claude Malépart, Moe Mantha, W. Paul McCrossan, Margaret Anne Mitchell, Brian White.

Alternate present: Tom Hockin.

In attendance: From the Research Branch of the Library of Parliament: Helen McKenzie, Mildred Morton and Richard Shillington, Research Officers.

The Committee resumed consideration of its Order of Reference dated Thursday, February 7, 1985 concerning the document entitled "Child and Elderly Benefits—Consultation Paper". (See *Minutes of Proceedings and Evidence of Tuesday, February 12, 1985, Issue No. 3*).

The Chairman presented the Final Report from the Subcommittee for the Report on Child and Elderly Benefits.

Leo Duguay moved,—That the Report be concurred in.

After debate, the Report, as amended, was concurred in, on division.

On motion of Leo Duguay, it was agreed,—That the Chairman be authorized to release an appropriate press release on behalf of the Committee.

On motion of Brian White, it was agreed,—That the Report of the Subcommittee for the Report on Child and Elderly Benefits, as amended, be the Report of this Committee to the House on its Order of Reference dated February 7, 1985.

At 5:00 o'clock p.m., the Committee adjourned to the call of the Chair.

PROCÈS-VERBAL

LE MARDI 2 AVRIL 1985
(16)

[Traduction]

Le Comité permanent de la santé, du bien-être social et des affaires sociales se réunit à huis clos, ce jour à 15 h 48, sous la présidence de Bruce Halliday, (*président*).

Membres du Comité présents: Gabrielle Bertrand, Pauline Browes, Léo Duguay, Bruce Halliday, Jean-Claude Malépart, Moe Mantha, W. Paul McCrossan, Margaret Anne Mitchell, Brian White.

Substitut présent: Tom Hockin.

Aussi présents: Du Service de recherche de la Bibliothèque du parlement: Helen McKenzie, Mildred Morton, Richard Shillington, attachés de recherche.

Le Comité reprend l'étude de son ordre de renvoi du jeudi 7 février 1985 relatif au document intitulé *Prestations aux enfants et aux personnes âgées—Document d'étude*. (Voir *Procès-verbaux et témoignages du mardi 12 février 1985, fascicule n° 3*).

Le président présente le Rapport définitif du Sous-comité du Rapport sur les prestations aux enfants et aux personnes âgées.

Léo Duguay propose,—Que le rapport soit adopté.

Après débat, le rapport, sous sa forme modifiée, est adopté avec voix dissidente.

Sur motion de Léo Duguay, *il est convenu*,—Que le président soit autorisé à émettre un communiqué de presse pertinent au nom du Comité.

Sur motion de Brian White, *il est convenu*,—Que le rapport du Sous-comité du Rapport sur les prestations aux enfants et aux personnes âgées, sous sa forme modifiée, constitue le Rapport de ce Comité à la Chambre en exécution de son ordre de renvoi du 7 février 1985.

A 17 heures, le Comité s'ajourne jusqu'à nouvelle convocation du président.

Les greffiers du Comité

Marie Carrière

Donald G. Reid

Clerks of the Committee

