

HOUSE OF COMMONS

Friday, May 5, 1989

The House met at 10 a.m.

Prayers

GOVERNMENT ORDERS

[*English*]

SUPPLY

ALLOTTED DAY, S. O. 8L—SOCIAL PROGRAMS—CLAW-BACK PROVISION

Mr. Dave Dingwall (Cape Breton—East Richmond)
moved:

That, in the opinion of this House, the claw-back proposed by the Minister of Finance with regard to the Old Age Security pensions and Family Allowances (1) undermine all Canadian social programs; (2) make easier future incursions against Old Age Security pensions and Family Allowances as well as other social programs, including medicare; (3) will fall most severely on Canadians of moderate means while costing the wealthy little; and

That this House, therefore, condemn the Government for this attempt to violate this sacred trust.

He said: Mr. Speaker, I rise today in opposition to the items contained in the recent Budget of the Minister of Finance (Mr. Wilson) as it affects some of the most important social programs in Canada. There has been a long and indeed important history associated with the social programs which have developed over the years in this great country. Successive Governments have tried to deal with those particular programs and where they could, they embellished upon them, and in doing so, they have brought many benefits to Canadians, Canadians in every region, Canadians in every community, rich and poor, young and old alike.

The social programs of the Old Age Security and family allowance are an integral part of Canadian life. To suggest that they are merely social programs providing a benefit to a select few is really missing the point in its entirety. A policy of good social programs such as I have referred to is also good economic policy. There are countless Canadians who have young families and there are countless senior citizens who look forward on a regular basis to receiving the generosity of the Government of Canada.

I have said in many quarters, and indeed, during the most recent federal election campaign, that for many senior citizens, their Old Age Security cheques provide the only sense of dignity they have. There are women, men and couples who have relatively limited income, but the Old Age Security in itself allows them to exercise their wishes and to live in dignity.

What is dignity? Dignity to a woman of 67 years of age may in point of fact mean receiving her Old Age Security cheque and thereafter purchasing items for family members. It may mean a trip to another part of the country to see a loved one. It may also mean paying for a telephone call to someone somewhere else in Canada.

That is the significance of that program which touches many Canadians, but this particular Budget proposes that high income taxpayers repay Old Age Security pensions and family allowance benefits through the tax system at a rate of 15 per cent of individual net income exceeding \$50,000. The universal nature of these programs with respect to access has therefore been maintained as high income earners will continue to receive old age security and family allowance cheques. However, universality of these benefits with respect to quality of benefit has been altered. The level of benefit received by families and individuals will no longer be equal, but will be dependent upon the level of income above an established threshold.

• (1010)

These measures in the Budget violate a long held principle in tax policy known as horizontal equity. This principle dictates that individuals are treated equally by the tax system. Individuals at the same level of income should pay the same amount of tax provided all other circumstances are equal.

This Budget will treat old age security pension income differently than other forms of income, and tax it back from high income tax payers at a higher marginal rate than applies to other forms of income. For example, a senior citizen earning \$75,000 a year will pay more taxes than an individual at 64 at the same income level because the former old age security benefits will be subject to a higher tax rate. At this level of income that portion of the senior citizen's income comprised of old age security will be subject to a marginal tax of about 100 per cent,