

*Government Orders*

Mr. Speaker, we all know that this country's national debt is a major problem. When we were elected in 1984, it was nearly \$200 billion.

Thanks to the budgetary and monetary policies that have been part of the Conservative government's economic policy since 1984, we have been able to reduce our deficit each year, but nevertheless, we are still struggling with the problem of a growing national debt.

Mr. Speaker, during the past five years, spending has been cut back, and last week the President of the Treasury Board announced spending cuts totalling nearly \$1.4 billion.

Mr. Speaker, if we want a healthy Canadian economy, we must bring our national debt down to acceptable levels and our revenues or income must be commensurate to those levels.

The April budget introduced additional taxes on individuals and, more specifically, a surtax on individuals with higher incomes. Mr. Speaker, as we saw yesterday in our discussions about the goods and services tax, when we have spending commitments, we must also have the income to balance our budget. And where do we get that income? We get it from higher income tax payers, from corporations, and also through a tax that will replace a federal sales tax that no longer reflects the economic realities of 1989 and that next year will be replaced by the goods and services tax, a modern tax that will reflect the competitive spirit Canada has and indeed must have at the international level.

Mr. Speaker, Bill C-28 also contains a measure which provides that certain payments received by Canadians 65 years old and over with a gross income of \$77,000 or more—this means that all Canadians who age 65 who are listening and whose annual incomes are below \$77,000 annually are not affected.

Mr. Speaker, according to this provision, part of the old age security pension payment they receive will be paid back in income tax to the federal government, again, provided their gross annual income exceeds \$77,000.

Mr. Speaker, on the other side of the House, they are criticizing this measure because according to them, this is going to eat away at people's incomes every year and

because of inflation, the net incomes of individuals with a gross annual income of \$77,000 will go down. In that regard, Mr. Speaker, I would like to point out to you the comments made by the Minister of Finance (Mr. Wilson), one of the best finance ministers Canada ever had, who has said several times that if indexing should be reviewed, it would be done in due course to ensure that the taxable level, which is \$77,000 gross annual income in this case, would retain its value in real terms.

Mr. Speaker, this bill is important for the economy and the finances of the country. If we want to continue the excellent work done since 1984 in terms of revenues and expenditures, we must pass Bill C-28 as soon as possible, Mr. Speaker.

So, Mr. Speaker, I ask all hon. members of this House, in the co-operative spirit of Christmas, to make their speeches short and of course in support of Bill C-28.

[*English*]

**Mr. John Manley (Ottawa South):** Mr. Speaker, I welcome this opportunity to speak on this legislation which is a very comprehensive piece of legislation touching on many aspects of the Income Tax Act.

I come to this third reading debate having participated in the legislative committee and having been a witness to the very arbitrary process that was applied at the legislative committee stage of this bill. Two factors caused that arbitrariness. The first factor was that the government did not want to hear witnesses who had views to express on the key elements of the legislation that is contained in Bill C-28. That process, the opportunity for Canadians to be heard, was thwarted by government members who consistently refused to expand the number of witnesses that could be heard.

The other way in which that process was arbitrary was the manner in which the government, in, I believe, a rather incompetent fashion, introduced the notice of Ways and Means that gave rise to this piece of legislation. By including the bill as part of the Ways and Means motion, the government made it impossible for amendments which were in order to be made. Early in the committee process we had presented to us a package of amendments. Many, many provisions in Bill C-28 were attempted to be amended, not by the opposition but by the government, by representatives of the ministry of