

Government Orders

Canadians and to the nature of Canada's universal social programs.

Bill C-28 will have a serious impact on two special groups in Canadian society; our senior citizens and families with children. These groups are important in any society. However, the amendments to the Income Tax Act contained in Bill C-28 will have a severe negative impact on two elements of our society which the government should be doing its utmost to protect and support.

With the implications of Bill C-28 one can truly see just how much this government really cares about the elderly and the Canadian family. Clause 48 uses the taxation system to institute the clawback of family allowances and old age security pensions. Clause 48 amounts to an attack by this government on two major components of Canada's social system; old age security pensions and family allowance benefits.

Bill C-28 is yet another example of this government's plan to eradicate piece by piece our universal social programs and, I suspect, to limit or eventually eliminate our social systems entirely.

The Canadian Council on Social Development has condemned the government's proposal to clawback old age security and family allowance benefits. The council did not criticize the government on this issue for any partisan reasons. It is, in fact, an independent, national, non-profit organization concerned about the future of Canada's social policies.

In the opinion of the council, "The clawback is the latest step in a serious erosion of the principle of universality and the clawback imposes a surtax on pensioners and families with children".

I believe this is a correct assessment of Bill C-28. This legislation will unfairly penalize old age security and family allowance recipients. The government would like us to believe that because the clawbacks only apply to recipients with an individual net income of \$50,000 or more, they are not unfair. However, there is a serious flaw in this line of reasoning. Right now the clawbacks would indeed only affect a small portion of those who receive these benefits. However, the government is not so quick to point out that over time the clawback will apply to a much greater number of recipients as the \$50,000 threshold is not fully indexed to the rate of

inflation. By not indexing the threshold for the first 3 per cent of inflation, within seven years the threshold will actually be \$40,000 and will be at \$35,000 four years later.

The National Council on Welfare, which is a citizen's advisory body to the Minister of National Health and Welfare with its members appointed by the cabinet to advise the minister on matters of social policy, has added its voice to the opposition against the clawback. This past September the council released a report entitled *The 1989 Budget and Social Policy*. The report called upon the government to abandon the clawback proposal. Obviously the council would not have made such a recommendation unwisely. However, the government has decided to ignore the excellent advice it has been offered.

According to the National Council on Welfare, and I quote from the report: "There is no question that the clawback puts an end to universality. A social program that delivers benefits to everyone and then collects them all back from some recipients is not universal".

Under the clawback every parent or senior citizen in this country will lose all or a portion of his or her family allowance and old age pension if he or she has an individual annual net income of \$50,000 or more. Recipients will lose 15 cents in benefits for every dollar in net income above \$50,000. The National Council on Welfare states quite clearly that this act by the government is, in its words: "The most significant change in social policy in a generation. Yet it was announced by the Minister of Finance in the budget speech without prior consultation."

Is truly amazing that this government is determined to end the universal characteristic of Canada's social programs. By using income levels, old age pensioners and family allowance recipients will be placed in a series of classes with some having their benefits taxed back. At the same time the government is ensuring that more and more recipients will fall into the clawback scheme over time. All this is being done without the slightest consideration of what this will mean for the people who receive these benefits and for our society as a whole.

The fact that the clawback was proposed by the government without consulting with experts in the social policy field should not come as too much of a surprise. The insensitivity of this government is quite appalling. It