

Income Tax Act

Last June, many members of the standing committee made clear that they accept that worker's compensation payments are intended to replace, in whole or in part, the income which an individual would otherwise have earned, and which that person would, of course, be liable to pay tax, or to have assessed for the purpose of GIS eligibility. How can we state categorically that compensation payments are different in kind from other types of payment when they are not viewed as being different in kind by the very bodies which decide on their duration and amount?

I agree with the Hon. Member who moved the motion that individuals who may have received reductions to GIS payments unexpectedly were, not unreasonably, unhappy. However, we must look at the broader picture. Before the changes which sparked this debate became effective, some people who received relatively large incomes from worker's compensation awards would still have been receiving the entire GIS payment.

An additional complication which might result from an ill-judged amendment along the lines of the motion before us today concerns the implications for the provinces. Hon. Members may be aware that prior to the changes we have been discussing today it was necessary to pass remission orders every year to ensure that certain maintenance payments made by provincial Governments were not to be viewed as income for the purposes of GIS eligibility. The changes made in the 1981 Budget in this area ensured a greater uniformity of treatment for all similar payments, whether federal or provincial in origin, and did away with the necessity for repeated remission orders. I am inclined to think that any step which decreases the number of remission orders and other administrative steps is one which should be accepted as a step in the right direction.

I do not want to seem to be unfeeling toward those who were affected adversely by this measure. However, I have to take into account that legislation, especially the Income Tax Act, has to be of general application. When it becomes necessary to amend the Act in response to social and economic developments, it must be done in a manner which has the appropriate effect on the majority of those affected. Inevitably, there will be some people whose circumstances differ in some significant way from those of the majority. Every situation cannot be anticipated and dealt with individually. Surely, we are coming to realize that what is needed is not more complication but less so that basic equity can be preserved as easily as possible and as few persons as possible see fairness denied by an Act which is too complicated to understand or administer equitably.

We also have to take certain facts into account when we are considering what action is appropriate for us to take in response to this motion. A large amount of money is not at stake here when compared with the current level of spending on the GIS program—some \$3.5 billion. However, I am informed that although 39,000 Canadians over 65 are currently in receipt of worker's compensation payments, all but about 2,000 of these people are considered to have 60 per cent or less disability and only about 800 are permanently and totally

disabled and receiving the maximum amount. Therefore, money is not the main problem in this narrow context. It is more a question of equity, of fairness and of general principles.

We should remember that the people affected by the sections of the Income Tax Act before us do, in fact, have as much income—or more—than many others. Like other disabled persons, they continue to have access to other provisions of the Income Tax Act which assist the disabled and other programs which recognize the special needs of the disabled in general.

Finally, I would point out that even within the group of 39,000 persons who receive worker's compensation payments and who are over 65 years of age, many, in any case, are disqualified from receiving the Guaranteed Income Supplement as other pensions and personal revenue raise their income levels above the threshold.

In closing, I would like to return to the comments I made at the outset of my remarks this afternoon. I hope that I have made clear that my own feelings about the motion before us have no basis in partisan politics. I know that the Hon. Member who moved the motion raised this question in the last Parliament and in political circumstances different from today's. I appreciate that Members from both sides of the Chamber agree that the problem he raises is one that is real for those affected and one which should not be viewed in a purely partisan way.

I hope that I have also made it clear that it is not a matter of seeing a need and formulating a simple response to it. There are questions of equity under the law which are raised by it. The motion begs me to ask whether those supporting it really intend that this one source of income should be set apart and should not be considered in the administration of one of our major social programs.

Can it really be in the best interests of any of us to act in haste, out of emotion, possibly at the expense of the most equitable, most practical and fairest solution? When all the necessary information is known, then the problem can be addressed.

The mechanism which has been suggested as a means of dealing with a specific situation involves general issues of taxation and income under one Act. However, the thrust of the question, the substantive issue, is one which underlies the GIS Program and our approach to those citizens who have little else to support them.

● (1740)

[*Translation*]

Mr. Speaker, I would suggest that the fresh wind of equity which is blowing on our Government should reflect the remarks I have just made, and that both the spirit of justice and the spirit of compassion do prevail.

[*English*]

The Acting Speaker (Mr. Papproski): Order, please. Before I recognize the Hon. Member for Simcoe North (Mr. Lewis), I