

*Government Orders*

the health and welfare of every Canadian, no matter their means, came to a sudden end in 1984.

Under this government in Ottawa, universality has become little more than words on paper, words offered to Canadians on the one hand then quickly erased with the other. How familiar we are with the Prime Minister standing before a crowd and declaring to all the country that our social programs were a sacred trust. Yes there were days when this government's smooth rhetoric tricked Canadians into believing they shared this caring approach to social programs. But it seems to have been a mask behind which lay the real truth.

Time after time this government has used fast talk and colourful packaging to hide from Canadians the true facts, the slow dismantling of universal access to well established and important social programs. As a result, for five long years the opposition has devoted endless energy trying to stop the government's slow erosion piece by piece of these social benefits.

We are lucky that sometimes challenges to the government do succeed because Canadians are not fooled; they see past the rhetoric. They speak out, sometimes they do this successfully and they force this government to back-track. It was very early in the Conservative mandate that the unravelling of universality began. I go back to December 21, 1984, just weeks after the Conservatives took office, when the Leader of the Opposition rose in this House, trying to fend off the finance minister's deindexing of old age pensions.

Today we paid tribute to my colleague, Jean Claude Malépart, who unfortunately passed away this past weekend. He was one of the strongest critics of the government's insensitivity in the deindexing of old age pensions.

The leader of our party stood by the principle of universality and began a battle with this government that continues to this very day. He put it this way: "Why are we so committed to universality? It is because Canadians believe in equality. Canadians believe that all individuals, no matter their social status, deserve equitable treatment. If you segregate services only to the very need, then those services meant only for the poor become poor services". Preserving the social contract is what my party has always believed in, and that is what we

have fought this government over since 1984. Fortunately, on the deindexing of pensions, the people won.

The reality is that the 1989 budget did cut old age security benefits through what is now called the clawback clause. They have cut family allowances as well and they have cut health care funding allocations. They have also privatized unemployment insurance, which is another important aspect of our social contracts.

Today the practical implications of the clawback are that anyone receiving \$50,000 a year in retirement income net will have their pension benefits taken back into the government treasury. The same applies to family allowances. There is an additional piece of trickery for 70 per cent of seniors whose net income is based not only on pensions and interest funds but also on dividends. If dividends are collected, the amount of those dividends are grossed up by 25 per cent.

Just a word of explanation here where I think we must focus some of the fight as well. The tax system treats dividends for Canadians in a very special way. They are grossed up by 25 per cent in calculating net income and then this is offset by the dividend tax credit in the final tax calculation. The clawback, however, is based on the inflated net income figure. I would say that that is grossly unfair, that grossed up figure, on top of everything else. I will come back to that a little later.

What about tomorrow? Within 10 years nearly 1 million more Canadian families will lose all or part of their family allowance and old age pensions because of this action. The threshold will change. It will only rise in future years by the amount that annual inflation exceeds 3 per cent. That means that eight years from now the tax-back threshold will have fallen to the equivalent of \$40,000 today.

In a careful reading of a *Globe and Mail* article of Monday, May 15, Hugh Windsor outlines this. I wish to quote much of what he has to say because it is very important. I have checked this out and it would seem that these are very well-founded figures. He states that while it is true:

—that the \$50,000 income threshold for the beginning of the clawback affects relatively few seniors—about 13 per cent of old age security recipients who file income tax forms, with only 3.5 per cent of those paying back all of the pensions. At first glance, the \$50,000 seems a reasonable level to begin the cut; indeed, it must seem like Easy Street to the approximately half a million seniors who live below