

Both of these claims are very technical in nature and it is difficult for the Committee to assess their merits. We have passed on to the Minister of State (Finance) the comments of the CLHIA and Norex Leasing. In responding to the Committee, the Minister indicated that he does not consider that their arguments warrant legislative change. We also believe that technical errors in the Large Corporations Tax, if they exist, can be handled expeditiously in future government legislation. The government should consult with CLHIA and NOREX Leasing Inc. to determine whether their difficulties with the Large Corporations Tax merit changes to the tax in future legislation.

### Conclusion

In January 1985, the Government released the Consultation Paper on Child and Elderly Benefits, which concluded that a special surtax on Old Age Security payments "would seriously disrupt our retirement income system" and "would unduly penalize those most affected by reason retirement income resulting from private savings in earlier years". Thus, the provision for clawing back OAS benefits in Bill C-28 represents not only a change from the policies of previous governments but also a direct repudiation of this Government's earlier position.

While the Committee does not favour the clawback in principle, nevertheless, it is reluctantly prepared to accept this provision in recognition of the serious fiscal circumstances facing the Government. This said, the Committee believes that there are serious deficiencies in the design of the clawback provision which must be corrected. We believe that our report's recommended amendments address the inequities contained in the legislation without substantially affecting the Government's budget deficit. It might be argued that our amendment for full indexation of the income threshold for the clawback would affect Government revenue in future periods. However, this would not be the case if, as indicated, the Government intends to make favourable periodic adjustments to the threshold.