

Income Tax Act

have with what has been said by Government Members in this House both now and a couple of years ago under the Liberal administration. They said that we cannot move quickly, that it is a complicated area; there is the whole problem of inequity in the tax system and inequity in the pension system. That is the reason why they cannot move quickly.

Today we had a closure motion or a time allocation motion which would have the effect of reducing the family allowance or deindexing the first 3 per cent of the family allowance. There was a quick move by the Government to try to change old age pensions last year. There is an attempt which will be coming up later on which I am sure the Government will try to move quickly which will exempt the first \$500,000 capital gains from any income tax. Those are examples of how Government moves quickly when it wants to move quickly. This Government has decided that it wants to deindex family allowances. It brings in closure after four days of debate. The Government has decided that it wants to give people who make their money through capital gains a \$500,000 tax free exemption. There is no tax on the first \$500,000 made through capital gains. It can move quickly in that matter.

What happens to someone who has had a disabling back injury? What happens to someone who has lost his or her leg? The Government finds that it takes much study, that it requires a look at the whole system of Guaranteed Income Supplements, that it must look at the whole tax system in order to move on this very specific need.

I think anyone who has lost bodily functions, who has lost a leg, an arm, an eye, deserves quick action by this Government. It deserved quick action by the last Government but it did not receive that. If this Government wants to prove that it is any different from the previous administration, its Members should not give the same speeches as those given by former government back-benchers. It should actually move on this matter.

● (1720)

I have yet to hear anyone in the House from any of the three political Parties say that we should treat workers' compensation beneficiaries or victims of the system in the way that we are treating them. No one has risen to defend the system; yet we refuse to act.

I am not going to take up any more of the time of the House. I think this is a matter on which we should express an opinion and for which Members of all three Parties who speak in favour of action should vote.

The Acting Speaker (Mr. Paproski): Order, please. If the Hon. Member for Cape Breton-East Richmond (Mr. Dingwall) rises, he will close off debate. Therefore, I recognize the Parliamentary Secretary. I am sure he has a few words to say.

[*Translation*]

Mr. Claude Lanthier (Parliamentary Secretary to Minister of Finance): Mr. Speaker, yesterday and today I made all the

speeches of my Ministers in French, so I will take this opportunity to practice my English in answering the question.

[*English*]

I am very pleased to join in the resumption of this debate today on the motion made by the Hon. Member for Cape Breton-East Richmond (Mr. Dingwall). This is a matter which raises some issues which are very important to many Canadians and I think the Hon. Member should be commended for raising it in Parliament. I know that there was no hint of partisanship in his bringing the motion before the House and that his concerns are sincere and deeply held. I also know that Members of all three Parties share his concern for those affected by the provisions in question.

If I could take some of the time of the House, I believe that a brief examination of the process through which the present situation developed will help us come to understand why these provisions are in the Act and why it seems to me that it would be inappropriate at this time to support the Hon. Member's motion. From the outset, though, I must emphasize that the Hon. Member's concern for the welfare of our senior citizens is one which I certainly share deeply. My words today are dictated by another concern, equally strong, with the concept of equity and fairness to all Canadians. This concern surely is and must continue to be at the base of all our actions.

As Hon. Members are aware, the Income Tax Act amendments in question were first raised in the Budget presented in November 1981. They were part of an effort to simplify the provisions of the Income tax Act and to improve its fairness. The amendments to Clauses 56, 81 and 110 of the Income Tax Act were clearly proposed and were not questioned during the debate on Bill C-139 which took place during the First Session of the last Parliament. Perhaps I may refer to documents issued at that time to explain the proposal. It is clear that the amendments were intended to put all similar programs on the same basis with respect to the calculation of eligibility for payments under the Guaranteed Income Supplement and child tax credit provisions.

Specifically, the then Government wanted to deal with cases of some recipients of the GIS already receiving substantial income from Workers' Compensation while being placed on par with those who had no other income. The Government also wanted to clear up a problem in a more general area of taxation. Previously a person claiming the dependent deduction did not have to take into account any income from Workers' Compensation which his dependent might have. This provision was deemed to be incompatible with the concept of tax fairness. Where is the fairness to other taxpayers in allowing as a full dependent someone who is in receipt of substantial workers' compensation payments?

It is important to recognize that the changes did not alter the special status of the workers' compensation payments which are not subject to tax themselves. The changes extended only so far as to include as income payments which are already granted special treatment. As well, this was done within very limited parameters.