

the certification of plants and other things, has examined the said bill and has directed me to report the same without amendment.

HEALTH OF ANIMALS BILL

REPORT OF COMMITTEE OF THE WHOLE

Hon. Gerald R. Ottenheimer: Mr. Speaker, the Committee of the Whole, to which was referred the Bill C-66, respecting diseases and toxic substances that may affect animals or that may be transmitted by animals to persons, and respecting the protection of animals, has examined the said bill and has directed me to report the same without amendment.

PLANT PROTECTION BILL

THIRD READING

The Hon. the Speaker pro tempore: Honourable senators, when shall Bill C-67 be read the third time?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, on behalf of Senator Nurgitz, with leave, I move that the bill be read the third time now.

The Hon. the Speaker pro tempore: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

HEALTH OF ANIMALS BILL

THIRD READING

The Hon. the Speaker pro tempore: Honourable senators, when shall Bill C-66 be read the third time?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, on behalf of Senator Nurgitz, with leave, I move that this bill be read the third time now.

The Hon. the Speaker pro tempore: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

INCOME TAX ACT AND RELATED ACTS

BILL TO AMEND—TWELFTH REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ADOPTED

Leave having been given to revert to Reports of Committees:

The Senate proceeded to consideration of the twelfth report of the Standing Senate Committee on Banking, Trade and Commerce presented earlier this day.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I think there is a disposition in this house to deal with the report of the Banking, Trade and

[Senator Ottenheimer.]

Commerce Committee on Bill C-28 so that we can send a message to the other place at this time.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, this matter was actually adjourned until Tuesday. So I suppose we require unanimous consent, which I think we should give, to revert to the order at the point where the report was to be taken into consideration at the next sitting and agree that it be taken into consideration now.

The Hon. the Speaker pro tempore: Is leave granted?

Hon. Senators: Agreed.

Senator Doody: Honourable senators, I propose to put forth the government's position in a few words on this particular point. I promise to be brief.

As honourable senators know, Bill C-28 implements a wide range of changes to personal and corporate income taxes. However, the one on which most attention has been focused is the recovery of social transfers—family allowances and old age security. I would stress that this initiative is consistent with the role of the personal income tax system in ensuring that government assistance is well targeted. Both family allowance and old age security are already taxable, and the recovery of these transfers simply extends an existing practice.

The majority in the Committee on Banking, Trade and Commerce have made two recommendations, on which I would like to comment briefly. They are that the threshold should be fully indexed to the cost of living and that, in the case of old age security, \$75 of the repayment should be ignored for a period of ten years.

On the matter of the indexation of the threshold, the Minister of Finance has indicated that it will be subject to ongoing review and will be adjusted as appropriate. This flexible approach has been applied in other areas and has benefited individuals and families. For example, when the refundable sales tax credit was introduced, the threshold for maximum benefits was \$15,000. Since then it has been increased twice—to \$16,000 in 1988 and again to \$18,000 for 1990. If the threshold had been fully indexed, it would only be about \$17,800 in 1990.

Similarly, even though it is indexed at CPI minus 3 per cent, the refundable child tax credit has been increased periodically so that it is currently \$575 per child. If the credit had been fully indexed it would only be \$474. Thus, the record shows that a flexible approach can provide greater benefits than the automatic indexing proposed by the majority in the committee.

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The facts on the incomes of the elderly also suggest there is little to fear from the fact that the thresholds are only partially indexed. Just over 4 per cent of seniors have incomes in excess of \$50,000; however, almost 90 per cent have incomes below \$30,000. Even if a flexible approach were to result in no increases in the threshold, it would be many years before the vast majority of seniors would become subject to the recovery. Thus, for those who are concerned about the eventual outcome of partial indexation, there are two assurances: first, this