

*Government Orders*

no new taxes this year. Well, that was one. There is an extra third being taxed away from these people because of this bill.

Of course, the second, the sneaky, hidden tax increase is that the government did not index deductions under the Income Tax Act. Where the budgets, introduced by the hon. member for Vancouver Quadra, our former leader, indexed these deductions so that Canadians did not face an automatic increase in taxes every year if there was inflation, this government has done the opposite. It is proposing to take that right away for those who have to pay this clawback tax, this special tax on their pension income.

I submit that this is inappropriate and that the government ought to fully index this. The failure to index increases is an automatic increase in taxes every year for the person having to pay taxes under this kind of provision. While it may not be a tax that is obvious and there may not be an increase in the rate, by reason of the increase in the income of the taxpayer, additional taxes will be paid because of the failure to index these amounts.

The minister knows this and tries to pretend that it is not so. I invite him to have another look at the facts and see if he cannot change his attitude and support the amendment that indexes this part, at least. These people will pay enough additional taxes, in my view, since their basic deductions will not increase with inflation and we do not need to go through the additional tax imposed by reason of the failure to index the \$50,000 threshold.

At the end of his remarks, the minister expressed surprise that this amendment was even before us. He seems to suggest that for some reason the Speaker of the Senate ought to have ruled these amendments out of order. I question whether it was even relevant for the minister to bring up such a silly argument in this House.

The Speaker of the Senate set out his criteria. He made it clear what he was going to do. He ruled one amendment out of order but he did not rule this one out

of order. For the minister to say he should have, is frankly ridiculous.

The Speaker of the Senate, as Your Honour knows, is appointed by the government. He is not elected as is the Speaker in this House, he is its nominee. His decision was not appealed, as it could have been in that House, and have the Liberal majority turn it down. The Speaker of the Senate made a ruling that, I submit, was correct under the circumstances, that met his criteria, and ruled that this amendment was in order.

The amendment is before this House. The minister has moved a motion that purports to suggest that the amendment is somehow improper. In this case I suggest what is improper is the government's unwillingness to consider changes in this legislation, changes that will make it more fair and equitable for the taxpayers of this country who are going to be burdened with additional taxes as a result of this government's short-sighted policy. I quoted from the Senate committee report that cited the government's consultation paper released in January, 1985. I could go on with more statements from the report, but I think it fair, having regard to what the Senate said, to look at the last part of that report. I quote from page 2088 of the Senate *Debates* for last week.

The report is appended to the *Debates*, Madam Speaker. I would not want you to think I was reading speeches. It reads:

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.

I submit the committee is right.

My hon. friend from Sault Ste. Marie persists in interrupting and suggesting that he does not agree with this part of the report. I regret it, too. The Senate could have, and perhaps should have, done more, although I am reluctant to say that. I would have liked to have seen them do more. I think the Senate takes a very responsible approach in these matters, and I invite my friend from Sault Ste. Marie to consider that.