

Old Age Security Act Amendment

felt the additional expenditure for this improvement alone will be \$568 million in that year.

The Chairman: Order, please. I must advise the hon. minister that the time allotted to him has expired.

Some hon. Members: Go on.

The Chairman: Is there unanimous consent for the hon. minister to continue?

Some hon. Members: Agreed.

Mr. MacEachen: I thank members of the committee for the consent, allowing me to continue.

We now have before us a further extension of the old age security program to add substantial income support for this group. In 1962 and again in 1963 the old age security pension was raised, bringing the rate from \$55 to \$75 a month. Under this proposal the rate will be raised to a maximum of \$105 a month.

In 1967, outlays under the existing old age security pension will reach \$1,110 million; the additional cost of the guaranteed income supplement could reach the order of \$260 to \$280 million, making a total expenditure of about \$1.4 billion. In 1970, the total expenditures under the old age security program will reach about \$2 billion; of this amount expenditures under the guaranteed income supplement will be in the neighbourhood of \$385 million.

It is proposed that the payments for this income supplement will be financed from the old age security fund. The tax measures required to meet these and other added expenditures of the federal government will be dealt with by the Minister of Finance in his budget in the very near future.

It is proposed that the guaranteed income supplement program take effect in January, 1967. The initiation of the program will, of course, be a large administrative undertaking. Early in the new year, application forms will be sent to all recipients of old age security. Those who qualify will receive monthly supplements retroactive to the month of January. Supplementary payment will be combined with the old age security cheque and we expect that the first cheques, including the retroactive supplementary income payments, will be sent out with the March old age security cheques. We would hope to have all these retroactive payments connected with the introduction of the program cleared up with the April cheque.

Pensioners eligible for the maximum income supplement who have had their application submitted and approved by the end of February would receive a payment of \$165 in March. This would consist of the \$30 supplement for January, February and March and the \$75 basic pension for March. For those who qualify for the maximum supplement and who receive their first supplement in April the first payment would be \$195. In subsequent months when the backlog involved in initiating the program will have been cleared away, those receiving the maximum benefits—old age security plus the income supplement—will be getting a cheque of \$105 a month.

• (3:40 p.m.)

A simplified application form has been designed for the program. It was considered that this would be easier than the normal income tax return for many old age security recipients to complete. The statement of income on the application form requested in January, 1967 will be the pensioner's income for the past year, that is for 1966. The income of the great majority of pensioners is relatively stable from one year to the next, and they know with considerable accuracy what income they had in the past year. Because of this, it is not anticipated that this procedure will be difficult.

For those who need some assistance in completing the application, relatives and friends will assist them as they do now for old age security applications and for income tax returns. The staff in Old Age Security, Canada Pension Plan and Income Tax offices will be available as they are now to answer questions and to deal with any special situations.

In some instances the pensioner may wish to revise his initial statement of income because of more detailed information obtained later. If this is done, an adjustment of the supplement will be made to take into account this change. Information supplied on income can be checked against income tax returns and third party information supplied to the Department of National Revenue on T-3, T-4, T-5 and other returns.

For the small group of pensioners who retired in 1966, the earnings for that year would not be representative of their income status in 1967. To prevent hardship for the pensioner who had retired in the year before he applied for the supplement, he will be allowed to exercise an option.

Under this option he can disregard his earnings in 1966 from the employment or business