

*Income Tax Exemption re Old Age Pensioners*

the deprivation of denial. They know what it is like to live in decrepit housing, to have the cracked pavements of the streets as their only parks. They know what it means to be prey to debt and despair.

Senator David Croll, that great humanitarian, as Chairman of the Senate Committee on Poverty now holding hearings on the question of poverty in the various regions of Canada, three years ago headed a Senate committee on aging. His committee report recommended massive reforms in attitudes and assistance involving Canada's senior citizens. One was a suggestion that all Canadians at 65 should receive a guaranteed minimum income as a matter of right. This recommendation, as everyone knows, was finally adopted by the former Liberal government of the Right Hon. Lester B. Pearson, in the form of a \$30 supplement to the old age security pension to pensioners with no other income.

• (5:10 p.m.)

This was a breakthrough for all old people without income. It meant a minimum income of \$1,260 for single persons and \$2,220 for married couples. The committee also recommended the establishment of a technically competent body to study income needs and develop a socially acceptable minimum. Had such a committee been established it would undoubtedly have looked into the effect of personal income tax exemptions upon the aged whose means, other than their pensions, were limited.

I might add that Senator Croll's committee report fully justified the three years of study and research which went into its preparation. To my knowledge no previous attempt had ever been made to examine, as a whole, the problems facing aged Canadians. To those Senators who worked like beavers on this committee, parliament owes a debt of gratitude; certainly, a parliamentary committee of the House of Commons would not have the time to undertake this approach to the income needs of elderly people on a long term basis. It is to be regretted that notwithstanding such valuable work there are some who advocate the abolition of the Senate.

Few problems are worse than to be old without the means of sustaining a decent standard of living, especially if one suffers from poor health, as is often the case. Then again, those I have in mind are the people who suffer most when inflation robs them of a portion of their meagre incomes. I realize that the government has been busy trying to formulate a program limiting large new

[Mr. Badanai.]

expenditures, and that it has been reluctant to give up any revenues until inflation has been brought under control. Nevertheless, bearing in mind the fact that wide ranging proposals for tax reform were made public last Friday, November 7, I suggest the effect of this motion will be very small indeed, and I therefore urge the government to give favourable consideration to its adoption tonight.

**Hon. Marcel Lambert (Edmonton West):**

Mr. Speaker, the calling of the hon. member's motion today has precipitated discussion in this House of part of the contents of the government's white paper on income tax. To this extent, one welcomes the motion.

I would say to the hon. member, however, that before we can possibly adopt this proposal, all the evidence will have to be available. Taking account of the proposals which now appear in the white paper to increase the allowances of all citizens to \$1,400, one has to ask: what is the impact on the totality of revenue? The white paper says the cost would exceed \$1 billion. The provisions of the Income Tax Act, as they now stand, are such that the taxpayer receives an exemption of \$1,500 if he is over 70. It was one of the conditions of the increase in the old age pension in 1964, whereby old age security benefits were made payable progressively over the next five years down to the age of 65, that the \$500 exemption then applied to recipients of old age security over the age of 65. Any taxpayer over 65 was allowed the additional \$500 personal exemption. But this did not apply to the spouse unless the spouse was an individual taxpayer. So a couple, in normal circumstances, received a personal allowance of \$2,500.

The purport of the hon. member's motion would be to increase this to \$5,000. Since no distinction has been made between taxpayers and non-taxpayers, his calculations may be somewhat affected by the proposals in the white paper. The proposal in that document is that the personal exemption of a couple shall increase to \$2,800; the \$500 which now comes into effect at the age of 70 if the person concerned is receiving old age security benefit, applies again only to the taxpayer. Thus, in the normal pensioner's household this would amount to \$3,300. However, if the wife was in receipt of a separate income which resulted in her being an independent taxpayer, it would go up to \$3,800.

I do not believe there are any hon. members in this House who are more conscious