

Old Age Security Act Amendment

income. So provincial recipients of a supplement will not be denied the federal supplement because they are receiving assistance from a province. That is our attitude. If a province decides to say, This person is now getting \$105 so we will not pay a supplement at all, that is something I cannot control. Neither I nor this parliament can dictate to a province what it should do in this field. However, if a supplementation allowance is paid by a province in excess of \$75, we pay 50 per cent and the province pays 50 per cent. Our \$30 would occupy that field and the province, if it wishes, could seek sharing under the Canada Assistance Plan for a supplementation over and above \$105, but that is a matter for the province.

● (8:50 p.m.)

Mr. Pugh: The minister's words are a little unfortunate. There is a suggestion that the province might well cut down on the extra supplementation it is now giving, but I think it goes a little further than this because it is not a money supplement alone which is most helpful. In British Columbia anyone who gets a supplement of even \$5 a month also gets with it medicare, drugs, and other services. This is why I asked the minister whether he had been in conversation with the provincial ministers of health to find out if there is anything in contemplation by them, as a result of the increased payment by the federal government, which would in the end cut down on the provincial supplement which carries certain other benefits with it?

Mr. MacEachen: Any supplementation undertaken by a province beyond the \$105, with the health services or health benefits of the Canada Assistance Plan, would continue to be available. I have explained that I have had an exchange of correspondence with all of the provincial ministers. At least, I have sent them letters, and I have had extra correspondence with B.C. and P.E.I. explaining what I conceive to be the effect of our plan. There is nothing in our proposal which obliges a province to cut back its supplement. It is a matter for the province to decide. I cannot decide it.

Mr. Kindt: As matters now stand very few of the less well-to-do old age pensioners pay income tax. Many do not fill out a form. Of course they are liable if they have any income, but if they get the old age pension, which now amounts to \$900 a year, and they are given a \$1,000 exemption they do not feel it is necessary to fill out an income tax form.

But when you increase that by \$360, bringing it up to \$1,260, they are going to have to fill out an income tax form and pay income tax on the \$260 in excess of \$1,000.

Old age pensioners look upon something of that sort as complete nonsense. Now they will be required to fill out an income tax form. Some of them will have to hire an accountant and pay him far more than the cost of the income tax to fill out a form for them. Many people when they reach 75 or 80 years do not wish to be bothered with that sort of thing, but now the minister is forcing them to figure out their income tax and provide him with a statement each year in order to get this \$360. The old age pension is now taxable. Am I not right on that?

Mr. MacEachen: Mr. Chairman, we are not amending the Income Tax Act, so whatever I say is to be regarded as the opinion of a relative amateur in this field. The old age pension is taxable and has always been taxable. As I understand it, recipients of old age security aged 70 or older have an exemption of \$1,500, plus \$100 for charity. Potentially they have an exemption of \$1,600.

Mr. Bell (Carleton): At age 65.

Mr. Knowles: No, 70.

Mr. MacEachen: As I understand it, the old age security pensioner, aged 70 and over, has an additional exemption of \$500. I also understand that recipients of old age security less than 70 years of age have the normal exemption applied to every other taxpayer of \$1,000 plus \$100. If my analysis is correct—I notice that the hon. member for Carleton may not agree with me—then the situation with respect to pensioners 70 and over will not be affected by raising the income level with respect to taxability. But certainly those aged less than 70 would be affected. They would pay income tax because they have been raised into a higher income level. The whole question of exemptions which the hon. member raises is really a matter for the Income Tax Act, and the Minister of Finance will be dealing with it, I hope later in the session.

Mr. Simpson: The minister has repeatedly pointed out that in calculating income under this bill no consideration will be taken of supplementary payments made by the provinces. In answer to the hon. member for Okanagan Boundary he said he could not speak for the provinces, and this we understand. But I would like to ask him, is it the hope of the government that the provinces