

Supply

Various groups and organizations, including the Royal Commission on the Status of Pensions in Ontario, the Canadian Council on Social Development and the Senate Committee on Poverty, have studied the question of benefit adequacy for singles. They all agree that a single individual needs at least 60 per cent of the income required by a couple. Given that two-pensioner couples are already guaranteed an adequate level of retirement income under the OAS-GIS program, it was decided that the guaranteed income level for single pensioners must be at least 60 per cent of the amount provided to couples. The \$50 monthly increase in the guaranteed income supplement single rate will do just that. In fact, by December, 1984 this increase, along with the regular quarterly cost-of-living increases, will guarantee single low-income pensioners 62 per cent of the income guaranteed to a two-pensioner couple.

Some Hon. Members will undoubtedly question why the Government did not accept the proposal put forward by the parliamentary task force on pension reform. The task force recommended that a special top-up benefit of \$102 per month, taxed back at a rate of 100 per cent, be provided only to single GIS pensioners at the lowest income levels. Unfortunately, Mr. Speaker, analysis showed that the Government could not accept this proposal exactly as it was put forward. The fact was that low-income Old Age Security pensioners could have been worse off than they currently are.

For instance, several provincial governments already provide top-ups to the guaranteed income supplement. These top-ups generally operate with a 50 per cent tax-back structure. This in combination with the 50 per cent tax-back rate used under the guaranteed income supplement program means that low-income pensioners already lose \$1 of benefit for every \$1 of other income they have. Unless the provinces agreed to fully exempt the first \$102 of income a pensioner has, something which would be quite expensive to do, the pensioners with the lowest incomes would effectively lose \$1.50 of benefits for every \$1 of other income they have.

In view of this situation, it proved to be better to make a straightforward increase of \$50 per month for every pensioner receiving GIS at the single rate. The wisdom of this course of action has already been proven by the announcement made by the Ontario Government that it will not only pass on this \$50 to Ontario pensioners receiving the GAINS supplement but will actually add to the increase to ensure that low-income single Ontario pensioners will be guaranteed 60 per cent of the income of marrieds. That action was possible only because of the way in which the \$50 increase has been designed.

● (1150)

I would now like to turn to the second major proposed amendment which will guarantee partial pensioners the same minimum income as provided to the full pensioner under the OAS/GIS program. Whether they have lived in Canada for 40 years or as little as 10 years, all Old Age Security pensioners will be guaranteed an adequate level of retirement income. About 3,000 persons, primarily immigrants, receiving partial OAS pensions will benefit from the proposed amendment in

the first year. This number will rise rapidly over the next ten years as more partial OAS pensioners become eligible. For example, by 1990-1991 it is estimated that as many as 25,000 persons will benefit from this amendment.

As Hon. Members know, Mr. Speaker, the Old Age Security residency rules were changed in 1977. For persons coming to Canada since that date, the old age pension is earned at the rate of one-fortieth of the full amount for each year of residency in Canada after age 18. Partial pensions were introduced to simplify the previous complex rules which not only determined entitlement on an all or nothing basis, but under which some period of residency carried more significance for eligibility purposes than others, depending on when in a person's lifetime they occurred.

The introduction of the partial benefits earned in accordance with the years of residency in Canada enables the federal Government to enter into international social security agreements. These agreements allow new Canadians to bring to Canada the pension rights they have earned in other countries. Such rights can then be combined with the rights earned here to meet eligibility rules for Canadian benefits, such as the ten-year requirement for an OAS. Right now we have agreements in force with five countries; Italy, France, Portugal, Greece and Jamaica. We anticipate an agreement with the United States will become effective this year. In fact, Mr. Speaker, just at this moment the Minister of National Health and Welfare (Miss Bégin) is in Belgium to sign a similar agreement with that country.

As well, we have negotiations under way with a number of other countries. However, despite progress in this regard, it remains that some pensioners do not have access to foreign pension income, nor income from any other source. As a result, they have nothing to fill the gap between the partial old age pension they receive and the amount of the full pension which lifelong Canadian residents receive.

Significantly, Old Age Security pensioners receiving a partial benefit can receive maximum GIS benefits. However, because they do not receive full basic pensions, partial pensioners are guaranteed less total income than is guaranteed to persons who have lived in Canada all of their lives. The proposed amendment will mean that low-income pensioners receiving partial OAS benefits will qualify for whatever additional guaranteed income supplement benefits are necessary to give them the same minimum income level as other pensioners. This change will eliminate any adverse consequences which could have arisen as a result of the amendments to the OAS Act in 1977. As well, it is consistent with the goals of the guaranteed income supplement program, namely, ensuring income adequacy to all pensioners in Canada.

There is no doubt that every Hon. Member of this House would have been happy to see this legislation introduced earlier. The needs of the low-income elderly have been known to all of us. However, the economic circumstances of a worldwide recession made it necessary for the Government to wait until it could responsibly make the commitment implied by the \$50 increase in the GIS single rate. This increase is going to