

Old Age Security Act Amendment

This proposal is transitional in nature. It applies to recipients of old age security who were born in 1910 or earlier. It applies to this identifiable group because it is felt that the intention of parliament in passing the Canada Pension Plan was to rely on that measure as the principal retirement program for the great majority of Canadian people.

We were asked by a joint committee of the Senate and the House of Commons to take further steps help those individuals who, because of age, could not benefit fully or only in part, from the Canada Pension Plan. That is why this measure is transitional. I was pleased that the hon. member for Winnipeg South (Mr. Churchill) seemed, at least in this respect, to approve of this measure.

A good deal of the discussion during the debate on second reading has related to the income test proposed by this bill. It can be argued in this house as to whether this is an income test or, in effect, the old means test. Ultimately the decision as to whether or not this is a test which will respect the dignity of old age pensioners is a matter which will be determined by the old age pensioners themselves.

● (6:50 p.m.)

We are not working in a world of theory when we are talking about the means test. When I stated that anyone who equated the means test with the income test proposed in this bill was taking a very mistaken attitude, I had in mind the means test that is currently administered in the provinces of Canada under existing categorical programs. That is the means test as it is known by the people of Canada and by the beneficiaries of the categorical programs.

The income test proposed in this bill is a far cry from the means test that is now employed under the categorical programs and which may be replaced, and will likely be replaced by the needs test by the provinces as the Canada Assistance Plan comes into effect. The income test contained in the guaranteed income supplement program is a test which takes into account the income of the applicant to determine whether he shall receive the maximum supplement of \$30 a month or some part thereof.

I want to illustrate again the difference between the means test and this income test by noting the different effect that certain types of income have on the determining of eligibility under the income test and the means test approach. I begin by saying that a sale, for example, of real property has no effect on the

eligibility for a supplement under the income test approach, since the proceeds are not part of income. However, such a sale could have a very adverse effect on the person receiving old age assistance, since the personal property would suddenly be increased and when liquidated over a five-year period might yield an income in excess of the ceiling.

Second, gifts or donations received by a recipient of this supplement have no effect on income under the income test, but certainly these gifts or donations may be treated as income for allowances under the means test. Insurance benefits, workmen's compensation awards, war disability pensions, private disability insurance payments, some annuities and retirement pensions, and the non-taxable portion of annuities would all be ignored in applying the income test, but taken into account in applying the means test.

For example, a recipient of the guaranteed income supplement who lives alone in a house assessed at \$5,000 would have no rental income to declare under the income test, but under the means test he would be regarded as having \$250 in imputed income from rents. Personal property yielding no revenue has no effect on a man's eligibility for the maximum guaranteed income supplement, but under the means test, for example, a person receiving old age assistance cannot receive the full amount if his personal assets are worth more than \$2,800 if single, or \$4,100 if married and both are recipients. Suppose a man has assets of \$6,000 yielding 4 per cent interest. Under the guaranteed income supplement program his income would be \$240; but, for example, under the administration of old age assistance his income would be \$1,000.

I cite these illustrations, Mr. Speaker, to underline the fact that there is a very great difference between the income test we propose in this measure and the means test as it has been known in the past in Canada and as it is now administered by the provinces.

Mr. Simpson: Mr. Speaker, I wonder whether the minister would permit a question. Could the minister advise the house whether he actually believes that old age pensioners receiving provincial supplements will be any further ahead under this legislation? It is perhaps a pretty difficult question for the minister to answer.

Mr. MacEachen: I should like to deal with the question of provincial supplements later, Mr. Speaker. I will deal with it at a later stage in my remarks. I want to say simply