

Through this provision, although social welfare services are a provincial responsibility, the federal government commits itself to share 50 per cent of the costs involved in giving financial assistance to the needy. In this connection, I was particularly pleased to hear that Ontario and Quebec, for instance, shortly after the statement of the right hon. Prime Minister (Mr. Trudeau) on August 13 last, announced a 5 per cent increase in social welfare benefits, in addition to previous increases granted since the beginning of the year. I have every reason to believe that the provincial governments will study the situation in their turn in order to find a solution to the problems of people on welfare.

This having been said, Mr. Speaker, it is that much easier for us to estimate the importance of the problem of those who live on a fixed income. Indeed, we have put Bill C-219 before the House today to reduce somewhat the economic constraints on those persons.

This bill proposes that, as of October 1973, the benefits paid under the old age income security and guaranteed minimum supplement plans be increased by 5.3 per cent of the rates now in force. This represents a minimum increase of \$5.30 per month for single persons who do not receive the guaranteed income supplement and a maximum of \$17.20 for married couples when both spouses are entitled to the pension and the supplement. This means that the basic pension will be upped to \$105.30. The maximum supplement for a single person will be increased from \$170 to \$179.16, and for a couple from \$324.60 to \$341.80. This reevaluation takes into account the increase in the cost of living during the period from October 1972 to July 1973, compared with the ten preceding months. Among other things, the bill proposes that during the three month period beginning in January 1974 and all subsequent quarters, the old age security and guaranteed income benefits will be adjusted, with a two months' delay to the price increase registered on the official price index of the preceding quarter.

I will explain. The rates of benefits which will be paid in January 1974 are calculated by multiplying the rates in effect during the month of October 1973 by the proportional ratio between the average of the official Consumer Price Index for the period from August 1973 to October 1973 and the average of the official Consumer Price Index registered for the 1973 May-July quarter. The two months' delay is provided so that, on one hand, we may obtain from Statistics Canada all the necessary data on the fluctuations of the Price Index and on the other hand, we may take administrative action intended to insure the payments in accordance with the increase in the rates of both the old age security and the guaranteed income supplement plans.

I should say here of course that this bill provides that the pension will not decrease in case there is a decrease in the consumer prices in one quarter in relation to the preceding quarter.

Mr. Speaker, I would now like to speak on the matter of the increase in benefits. It is not the first time that we have thought of adjusting pensions, at least among the Liberals. The government of the late right honourable Pearson government took this measure for the old age security and the Canada pension plan as early as January

Old Age Security

1968. I should say that I was flabbergasted to find out during the last election campaign that a number of Conservatives were suggesting a most original idea that of adjusting pensions on the cost of living, totally ignoring the fact that the government had already done so six months previously.

[*English*]

Some hon. Members: Oh!

An hon. Member: That's not so.

Mr. Stanfield: A fraud!

Mr. Lalonde: Some hon. members seem to doubt that fact. I will send them the press clippings from the last campaign and they will be able to see for themselves in writing.

[*Translation*]

And I was also surprised to hear last week for the umpteenth time on the CBC news that the government would soon gear pensions to the cost of living. I must say that never one of our decisions got such publicity, and I thank our sponsors wholeheartedly.

As I was saying, Mr. Speaker, old age security pensions were raised since January 1968, although at that time a 2 per cent ceiling was imposed on old age security pensions and guaranteed income supplement. Calculations and adjustments were thus comparatively easy. In spite of a change in the number of pensioners each year and of a new yearly calculation of the guaranteed income supplement, benefits, the 2 per cent maximum still applied. But when, at the beginning of 1972, the government removed the ceiling gearing the old age security pension and the guaranteed income supplement to the increase in the cost of living, the payment of a pension to some 1,800,000 Canadians became subject to another variable. However, the difficulty was not impossible to overcome. It is clear that by adopting a new formula like a full escalation in relation to the cost of living, one cannot and, in fact, one must not expect the system to work perfectly. We must devise a viable system which can be adapted, and attempt first of all to define a firm and broad basis to which further adjustments and improvements will be made.

This is what we tried to do when we removed last year the ceiling on the increase.

Today we propose another improvement.

● (2040)

[*English*]

Under the present law, as I am sure all hon. members are aware, escalation is made on an annual basis with payment in April of each year. This has meant that there is a six-month time lag between increases in the cost of living and adjustment of pensions benefits to reflect that increase. This allows us to obtain the consumer price index figures and apply the increase factor to 1.8 million cheques, which can vary from the basic single pension to the full OAS-GIS payment for a couple, and any amount in between.

We were not convinced that six months was the minimum time to which we could reduce the computation of