

Old Age Security Act

provision in the bill which will allow absence from Canada to be counted as presence here in the case of persons serving in the armed forces, or doing certain other things abroad, when it comes to making up for time they lost in trying to qualify for old age security. This is a matter which has been debated in the House several times, and a private member's resolution by one of the Progressive Conservatives on this matter was passed. It probably does not cover a great many people, but it is an unfairness which is being corrected by this bill and I am glad that is being done.

I am interested in the provision which will make it possible for provincial pension supplements to be included in the federal old age security cheque. In these days, when banks are increasing their charges and charging people every time they write a cheque, make a deposit or walk in or out of the bank, I think it is a good ideal to reduce the number of cheques old age pensioners have to handle, so long as there is no reduction in the total amount. I believe this is an appropriate change. I assume it is up to the provinces whether they include in their agreement with the federal government some arrangement under which the name of the province appears on the cheque as well. I can hardly imagine any province letting Ottawa write the cheque and claim it is a federal cheque without the name of the province appearing there with it. I think this is a commendable move.

● (1430)

It also sets out in this bill that the minister will have the authority to cancel uncollectable debts in those cases where hardship would ensue and where the mistake that was made, whether by the pensioner or the department, was clearly unintentional.

Then I come to what might seem just a clean-up matter in this bill, but it is one thing that I welcome as warmly as I can. It will make no monetary difference at the moment, but in principle it is terribly important. I refer to the fact that the old age security fund is being wiped out and any reference to any special tax, whether direct or by transfer from the Department of National Revenue to the old age security fund, is being done away with. The minister explained in his press release and again this morning that this change is being made because it has become mathematically or administratively impossible to keep up with the changes. In my view, it is more than that.

When we first considered the Old Age Security Act—a committee recommended it in 1950, the bill was brought in in 1951 and it became law on January 1, 1952—when we first brought it in, it was such a far reaching proposal, to pay pensions to everyone aged 70 and over, as was the case then, that in order to sell the idea we had to put on this special tax, and establish a special fund. We had a 2-2-2 tax in those days for the special fund and after a time this tax went up a bit.

What did it mean, Mr. Speaker? If the fund was short, the minister of finance, by law, had to lend money to it so that pensioners could be paid. If the fund was in surplus, we tried to argue that some of the surplus should be used for an increase in pensions but we were told it could not be done and we had to follow the act. It really had no meaning. Those taxes were a regressive form of taxation

[Mr. Knowles (Winnipeg North Centre).]

which meant that the wealthy person paid the same amount as the person who did not earn very much.

We have done away with that and are finalizing it in this bill. We now say that old age pensions are paid in their entirety out of the Consolidated Revenue Fund; in other words, the total cost of old age pensions is coming out of the fund which gets its resources on the basis of ability to pay. This means that those with greater incomes pay more toward old age security than those with little or no income. Although this may seem like a technical or administrative change, it is an important one.

The other day I was reading a book on the history of pensions. I noticed that the author referred to this regressive type of taxation and expressed the hope that some day it would be done away with. It has been done away with in this bill. We are establishing the fact that old age pensions are a matter of right because people who reach pensionable age are part of our society and have played their part in building up the economy. No special tax is necessary, therefore, or no special fund is necessary to operate the whole proposition.

I point out also—and I want to come back and say something about both of these changes—that this bill abolishes the Old Age Assistance Act. It has been dead for a number of years, anyway. This act was introduced in 1951 to provide for pensions between ages 65 and 70 on a means test basis, paid partly by Ottawa and partly by the provinces. That has been replaced by old age security being paid at age 65, so there is no point in keeping that statute on the books any longer.

I hope you will pardon me for going back to what some of us have said in the past, Mr. Speaker, but in 1950 and 1951 we wanted the pension to be paid at age 65 on a universal basis, and we wanted it paid out of consolidated revenue and not on the basis of a special tax. We wanted it to be paid as a matter of right. It has taken us a long time to get that principle through but we are getting there by this bill. I think there is a moral to that. If one can be here for a few years and see that some of the things one has stood and fought for, because they are right, have been accepted, then one can hope that the same thing will happen again.

Just as we wrote our old age security fund into the act to sell the idea of getting it started, I hope that today, when we are putting in pensions at 60 on a limited basis only for spouses, it is just the beginning too. I hope it will not be very long until some of us can stand in this House and say we have won that point as well—that we have pensions across the board at age 60 for all those who are out of the labour market.

I welcome this opportunity to give my support to this bill, Mr. Speaker. I do so without question. I shall be voting for it and in committee I shall be supporting it. I hope we can get it through soon so that the 80,000-odd people who would benefit by it in October will have no doubt about it. However, I hope it has been evident that my greater concern at this time is to point out the things that are yet to be done.

We have come a long way since I stood in my place in the back row and pleaded for the pension to go up to \$30 a month and for the means test to be removed. Today we are