

*Pension Act and Other Acts*

by clause consideration in the Committee on Veterans Affairs. In particular, my colleagues will be dealing with the very question raised by the hon. member for Winnipeg North Centre (Mr. Knowles) concerning the anomaly which appears to exist with relation to war veterans allowance, old age security pensions and the guaranteed income supplement. There is considerable confusion, and we want some enlightenment on this touchy issue because if the veteran is to receive an increase of a few odd cents after all this fanfare about increased pensions, he will be a disappointed and frustrated man. Surely, this is no way to treat the men who gave so much of their lives to this country in time of danger.

**Hon. Marcel Lambert (Edmonton West):** Mr. Speaker, the other afternoon when I spoke on the budget proposals of the Minister of Finance (Mr. Turner), I dwelt at some length and with, I have been told, considerable emphasis on what I consider to be the anomaly that is being proposed by the Minister of Finance in relation to those war veterans allowance recipients who would get the guaranteed income supplement. Nothing had been said up until that point which changed the purport of my remarks. As a matter of fact, if the truth be known, the Minister of Finance on that occasion nodded his head in agreement that this was to be the case. I do not know what transpired between the time I spoke on Thursday afternoon and the time the minister introduced this bill on Friday afternoon. However, there was an indication from the minister, as recorded at page 2,233 of *Hansard* that he would be seeking authority for an order in council, under section 22 and I presume paragraph (d), to increase the maximum income permissible to the recipients of war veterans allowance.

As has been indicated by my colleague from Norfolk-Haldimand and by the hon. member for Winnipeg North Centre (Mr. Knowles), it would be very interesting to know just how high the ceiling is to be raised. After all, there is some confusion. I am satisfied there is confusion concerning precisely how the cost of living escalator will affect the war veterans allowance portion of the permissible income of the individual, taking into account the escalator attached to the guaranteed income supplement, the road along which the minister is directed to travel and in respect of which he has no choice. This has always been a very burning question. I am more than amazed at the attitude within the department and the War Veterans Allowance Board that this is the way he should go; that is, when we come to an income support measure based upon war service the veteran shall avail himself of the general civilian provisions before he can choose to receive benefits under the war veterans allowance. I find this is an extraordinary position to have taken and certainly, if I were in a position at any time to do so, I would want to see a thorough revision of that position.

• (1620)

In the presentation of the budget and the budget documents, which I have in my hands, as well as in the comments on television and in the press, a great deal was made regarding the separation of the cost of living escalator clause from the guaranteed income supplement. Immediately people started calculating on a 3.6 per cent

[Mr. Knowles (Norfolk-Haldimand).]

formula. I say that the 3.6 per cent formula is a fraud because that is not the true increase in the cost of living over the previous year. The formula should take into account the number of points of increase in the consumer price index because, as I said in my remarks on the budget speech, 3.6 per cent of the base of 100 is merely 3.6 points, but 3.6 per cent of 130 is actually 4.8 points. There is a world of difference. On the same basis, if the increase curve on the consumer price index were to go up at the same rate each year, the government, whatever party may be in power, could pat itself on the back and quote percentile figures showing that in actual fact the cost of living index was going down when that would not be the truth. This has been the basis of the increases in the cost of living formula for all the pensions, both civilian and veteran. I say it is a hoax to that extent. Of course, in principle it is an acceptable step forward, as we again indicated the other day, but a remarkable reversal of the attitude of the government and of all the ministers involved from the Prime Minister (Mr. Trudeau) down as indicated by their votes on those particular proposals put forward by the opposition. But now that we are on the road to an election, all these goodies come floating down.

The guaranteed income supplement increase is not \$15, it is \$12.12. There was a blur between the cost of living escalator and the increase in the guaranteed income supplement. Separate paragraphs were used, but everywhere it stated very carefully that the combined increase in OAS-GIS shall be \$15. Therefore, instead of getting an extra \$30 in GIS with a cost of living escalator provision attached, the increase in GIS for the war veteran should be \$24.24 per couple, with the cost of living index making up the difference to \$30. So, let us be clear once and for all what that increase is.

I shall not take the House through the complicated calculations put on the record by the hon. member for Winnipeg North Centre (Mr. Knowles), but few if any recipients of the war veterans allowance get the full allowance. It is not possible because of the combination of old age security and the guaranteed income supplement. What is remarkable is that in the case of a recipient of the war veterans allowance, if his wife is five years younger than he is, has been working for five years and then retires, she gets a small payment under the Canada Pension Plan to which she contributed. This is actually a return to her of moneys which she paid in, not revenues. This payment is chargeable as income to the recipient of war veterans allowance. His wife's Canada Pension Plan payment is not income and should not be considered as income.

In the same way, if a war veteran's wife who had been a schoolteacher or a nurse in previous years had had enough foresight to buy an annuity, albeit a small one, whether a Dominion of Canada annuity or an annuity with an insurance company, when payments from it are received by either the recipient of a GIS or war veteran's allowance they are charged as income. Even though there is a difference in allocation, these payments are charged money in the hands of the wife belonging to the couple and disintitling the husband to a war veteran's allowance. I find that terribly unjust in those particular cases.