

Old Age Security Act

from their second employment if they have already declared their previous retirement when applying for the supplement in the past. The bill before us proposes to allow them to declare their retirement on more than one occasion.

Two changes are proposed for the basic OAS pension. There will be a longer residence period required of those who do not reside in Canada between the ages of 55 and 64. For each year in the period during which they were absent, they will have to substitute three years after age 18 instead of two years after birth. Thus, a person would be required to have resided in Canada from age 18 to age 45 if he were to be absent from age 55 to his 64th birthday, to qualify for OAS at age 65.

The other change is the proposal to remove the automatic escalation from the basic OAS pension. It will be set at \$80 until changed by some future parliamentary action. This decision was made in order to concentrate the financial resources available for income support for the aged on payments to those most in need of help. In 1971, this new policy will release \$15 million for use in financing the increased supplement; in 1975 an extra \$100 million will be released for this purpose. In the first fiscal year, 1971-72, our proposals are expected to cost an additional \$194 million; without the \$15 million savings, they would have cost \$209 million.

There are those who argue that the OAS pension itself should have been increased. To raise it by \$10 a month to \$90 in 1971, would have cost an extra \$206 million. We considered it a far better use of resources to concentrate this sum on improving the supplement for low-income aged pensioners. We have, therefore, suggested raising the supplement for single pensioners by \$22 and for married couples by \$29 a month at a net cost of \$194 million. By so doing we have been able to ensure that all persons over the age of 65 will have incomes of at least \$1,600 if single, or \$3,000 if married pensioners. It is estimated that about 970,000 pensioners will be drawing the supplement, including about 470,000 who will get the full supplement. This seems a far more appropriate way to spend the money available than to raise all old age security pensions by another \$1.17 a month. That is what is involved in removing the automatic escalation feature.

The substantial increases recommended for aged pensioners receiving the guaranteed income supplement and the other changes proposed in the legislation are proposed as a result of the experience we have gained concerning various inequities and anomalies in the administration of the Act, as well as from observations made by hon. members in cases where particular rules have led to injustice. This bill, with the changes I outlined in the latter part of my remarks, will, we hope, to a considerable extent correct those inequities and anomalies.

• (4:00 p.m.)

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I want to make some comments on this bill at the second reading stage. Others of my associates will emphasize various points, but there are a number of

[Mr. Munro.]

features in this bill on which I wish to comment this afternoon. As the minister has told us, the bill provides for a flat rate old age security pension which is frozen at \$80 a month. Single persons over 65 are assured of a minimum income of \$1,600 a year, and married couples \$3,060 per year.

The first question that comes to my mind having read the white paper is, why the delay? We received the impression that there was some massive comprehensive overhaul of the whole approach to welfare that made it impossible for the government to take action in the area of old age security. But when one reads the white paper, one sees that no such comprehensive overhaul is involved. It is, therefore, impossible to understand why the government could not have proceeded to amend the legislation relating to old age security so as to provide something approaching justice for the older people of this country who are living below the poverty line.

Surely, the delay is not justified on the ground that such a move would be inflationary. The minister would not pretend for a moment, I am sure, that taking this action would have been inflationary. Certainly, it is not part of any general approach to welfare which could not have been proceeded with by itself. It seems to me that the delay that has taken place is inexcusable, and it has been very unfair to the older people of this country. Surely, we are not so hard up in this country or so callous as to sit back for a number of years and allow the older people who are in need to fall into a more and more difficult position each year. This has been happening, in part, because of the 2 per cent limit of escalation that the government has insisted on maintaining. So, the first question that does occur to one is how the government justifies the delay, one which must weigh very heavily upon the conscience of the minister and the members of the government.

The new maximum figure for the single aged is \$1,600 a year. The second question I ask myself is, why this particular figure? It is still below the poverty line. The figure for a married couple is slightly over \$3,000, which is not far off the poverty line indicated by the Economic Council of Canada. I was disappointed that the minister did not give some lucid and convincing explanation as to why the figure \$1,600 was chosen as the upper limit for single aged people. I think the House deserves an explanation, either from the minister or from someone on that side of the House, as to why that figure was chosen rather than a figure more in line with what is generally considered to be appropriate, particularly in view of the long period of delay and hardship to which the government has exposed these people.

In considering this level of aid, one must bear in mind that it is taxable, and one must relate it to the white paper on taxation. There is no reason to believe that single aged people or the married aged people are going to be altogether exempt from taxation. The exemption figures proposed in the white paper do not relate by any means to the figures contained in this bill or in the white paper on welfare.