

Social Security

to achieve the kind of integrated social security system which will best serve the needs of the Canadian people.

The framework for our thinking was set out in the five principles enunciated in the Speech from the Throne of January 4 and elaborated upon in my first speech to this House on January 11; they are here embodied in a number of propositions, in five critical strategy areas.

First of all, we are proposing an employment strategy. By removing from existing programs disincentives to seek training and employment, by improving government-provided counselling, training and placement services, and by establishing an on-going program of community employment in socially useful activities, we hope to improve the potential of Canadians who have been unemployed for an extended period of time to obtain an employment income.

● (1410)

Next we are proposing a social insurance strategy. To meet the contingencies of short-term unemployment and to provide for retirement, disability, and the support of survivors, we recommend the maintenance and strengthening of social insurance programs. In this regard, we advance two specific proposals in relation to the Canada Pension Plan which we would like to embody in legislation this year—subject to a provincial consensus. This involves an increase in the level of yearly maximum pensionable earning to \$7,800 by 1975, and the removal of the ceiling on cost-of-living escalations of Canada Pension Plan benefits.

Thirdly, we are advancing an income supplementation strategy. We recognize that the earnings of people who are working may not always be sufficient to meet family income needs. This may be because of the size of the family—wage levels not being related to the numbers of children—or it may be because of the nature of the breadwinner's employment—it may be low paying self employment or intermittent work. To meet these problems of the "working poor", as they are often called, we are advancing two propositions.

First we are proposing a significant increase in the universal family and youth allowance benefit, from an average of \$7.21 per child per month to an average of \$20 per child per month. To effect a significant measure of income redistribution, we propose to make the new family allowance taxable—although I should point out that practically all Canadian families should realize a net increase over their present levels.

[*English*]

In the budget of February 19 we provided for an appreciable reduction of income and other taxes in order to increase the net disposable incomes of Canadian taxpayers. By this additional measure we are effecting a substantial transfer of funds to Canadian families. Such a measure will be of great benefit to people with low and middle incomes, but the greatest benefit will accrue to the working poor. This change will result in a net increase in payments to Canadian families of over \$800 million in a full year.

Second, we are suggesting that where income from employment plus the higher family allowances still does not provide the family with an acceptable minimum

[Mr. Lalonde.]

income, consideration should be given to a single general income supplementation program. Such a program would have the advantage not only of providing more acceptable incomes to the working poor, but also of providing them with an incentive to continue to work rather than to go on social aid.

The largest groups of people, however, who do not receive an acceptable minimum income—whether from employment or social insurance—are those who are old or disabled or otherwise not employable. And there are the large numbers of single parent families—largely widowed or separated mothers with dependent children—who choose not to seek or who are unable to find employment outside the home. We suggest that additional income supplementation should be provided to these people, thus assuring them a guaranteed income.

In the case of the aged, we propose that they enjoy an option to choose between this guaranteed income and the existing OAS/GIS system. Finally, to accommodate cases of special and emergency need, we suggest a "back-stop" program of supplementary social assistance.

To make the employment and income supplementation strategies fully effective, we advance a social and employment services strategy, based on two propositions. The first is that necessary training, counselling, placement, rehabilitation, and child care services should be extended and improved. The second is that the costs of special services in areas such as nursing home and child care should be covered under the plan for those in need of them but who are unable to meet these costs themselves.

The review of the social security system upon which we are embarking is, as I have consistently stated, a joint federal-provincial venture—both the review and ultimate implementation. It is for this reason that we are setting out propositions rather than fixed proposals, and why we have not sought to make proposals concerning jurisdictional and financial divisions of responsibility.

We have, however, a general format to suggest—a flexible and creative approach to the federal-provincial dimension. This proposed format includes major innovations in the field of federal-provincial or constitutional arrangements.

First, subject to certain national minimums, we suggest that provinces should have the power to vary the levels of allowances and income supplements paid under federal programs. Within prescribed limits, the provinces would be able to reduce the allowances paid under one federal program and transfer the savings to increase the allowances paid under another program.

Second, we suggest that, as a condition of this flexibility, there should be a framework of national norms and national minimum standards to ensure a basic equity to all Canadians affected.

Finally, we propose that the entire review be completed within two years, and that the implementation of such an approach should be regarded as a three to five-year process starting from the April conference of ministers of welfare and calling for the gradual implementation over time, within existing levels of taxation, of the approach which is agreed upon. However, early priority should be given to the adoption of legislation this year for increasing