

human reply made by the Minister of Finance to the hon. member for Esquimalt-Saanich a few minutes ago when he said that these words mean "your interest up to \$1,000." This is very simple, is it not? Why cannot that language be used in a thousand other places?

Mr. Munro (Esquimalt-Saanich): I am right with you.

Mr. Knowles (Winnipeg North Centre): Why cannot that simple language be used in income tax legislation and pension legislation? Yesterday we had before us a bill to amend a dozen different superannuation acts, and that unclear language appears all the way through it—"the lesser of" this and that. When one looks at it, one must translate it into double negatives and go back again, but the minister himself can stand up and in a split second say that what it means is "your interest up to \$1,000." I was glad to see the mandarin sitting in front of the minister laugh as he did. I hope he got the hint.

Mr. Turner (Ottawa-Carleton): The mandarin sitting in front of me was smiling because this was drafted by the Department of Justice.

Mr. Knowles (Winnipeg North Centre): But the Minister of Finance used to be the Minister of Justice. Why did he not do something about this when he was there?

We are now on clause 70 which runs from page 178 to page 185. It does quite a few things, but in the main it does two things: it provides for a \$1,000 interest deduction from one's taxable income which applies to the taxation year 1974, and it provides for the deductibility of \$1,000 pension income which will apply to the taxation year 1975. My friends to the right have already expressed their welcome acceptance of the \$1,000 interest deduction, and I join with others in saying that this is fine for those who have interest income and can get this extra advantage. I say the same thing with respect to the deduction that is to be allowed for pension income which will apply in the taxation year 1975, with which taxpayers will be coping when they complete their returns in April of 1976.

I say, on behalf of persons over 65, and the pensioners under 65 in some cases who will benefit from this, that for all of them it will be very welcome. But the minister knows very well what I will say: what about the 50 per cent or more of persons 65 and over who pay no income tax? The statistics back up the percentage I just gave. There are about 1,800,000 Canadians of 65 and over who draw old age security, and more than half of those who draw old age security also draw the guaranteed income supplement.

If they are drawing the guaranteed income supplement, it means they have little or no other income. The guaranteed income supplement is already non-taxable, so I submit that it is not a far-out estimate that about half of our senior citizens 65 and over already pay no income tax, so this benefit—which is welcomed by those who do pay tax; by those who have savings, to use the language of my friends to the right—does not apply to those persons who should be remembered but whom this minister has forgotten.

The minister may want to tell me that this is one of the budget bills and is not a bill in the name of the Minister of

Income Tax

National Health and Welfare. But I remind him that on more than one occasion when an election was ensuing, budget speeches told us of improvements that were going to be made in the pensions of senior citizens and others. The minister is smiling and acknowledging that he has done this himself. I say to the minister that if he is really concerned about the income position of our senior citizens, he should be matching these income tax deductions with an increase in the basic amount of old age security so that improving the position of senior citizens will be put into effect across the board and will not apply to only half or less than half of those who are in that category. I hope the minister will comment on that.

● (1700)

The minister said earlier today that his views were expressed at the conference of provincial health ministers by the Minister of National Health and Welfare with respect to a guaranteed annual income. As I said to my colleague when he made that reply, "That is what bothers me". It was the minister's answer on that that the Minister of National Health and Welfare had to make. He is in a pretty key position as keeper of the treasury. I should like to hear from him how he managed to forget the other 50 per cent of senior citizens. My friend from Esquimalt-Saanich wants to go further than the Minister of Finance, in relieving those over 65 of income tax. If he can carry that through, that is fine, but even that program, no matter how much you provide income tax deductibility for senior citizens, will be of no help to those who do not receive enough income to pay any income tax at all.

Mr. Chairman, there is another question I want to put to the minister which is quite unrelated to what I have been talking about, but it will save me jumping up and down and perhaps when the minister replies he will deal with it as well. At the top of page 183 of Bill C-49, there are some words that indicate what happens with reference to this \$1,000 pension deduction in the case of a taxpayer and a spouse. The minister was good enough to give a simple answer to the hon. member for Esquimalt-Saanich. I wonder if he will give me an equally simple answer as to what the words at the top of page 183, lines 1 to 20, really mean.

Mr. Turner (Ottawa-Carleton): Mr. Chairman, public pensions and the Canada Pension Plan now have an index system to a certain extent. We have indexed the guaranteed income supplement and the old age pension to protect people 65 and over against the erosion of the purchasing power of the dollar. This is to protect those citizens who have saved or contributed to non-public, private pension plans, including most of the workingmen and women in this country. I think we are putting them in a position where the erosion of what they might have otherwise expected from their pensions by reason of inflation over the last 18 months is somewhat compensated by rendering the first \$1,000 free of tax; in other words, putting the workingmen and women of this country, particularly those who have private pension contracts with employers, in the same position as those with public pension plans.

The hon. gentleman also asked about the exception that I mentioned to the hon. member for Winnipeg South Centre when he inquired whether the \$1,000 interest