

Income Tax Act

Everyone over 70 years of age gets an extra \$500 exemption which makes a total exemption of \$1,600, well over the amount they receive from old age security and the guaranteed income supplement. However, people who retire, have no other income than the old age security pension and the guaranteed income supplement, and are between the ages of 65 and 70, only have the \$1,100 exemption and therefore have to pay tax on a small amount. The tax is not much, but for many of these old people it is a great bother to fill out income tax forms since they are getting so little money. They feel it is a great injustice since those over 70 receiving the same income do not pay taxes at all.

Perhaps it has been an oversight in the last few years that there has been no amendment to correct this injustice. I have written to the minister on several occasions suggesting this reform of the Income Tax Act, but so far nothing has been done. I have been informed that the amendment I have put forward is being considered in conjunction with other amendments. However, I felt it necessary to introduce this motion in an attempt to get something done and to remind the government, the minister and his officials of this particular need.

The law as it now stands is not logical. The \$500 exemption should be given to all persons over 65 years of age. This is the logical age because most people are retired by their companies at 65, and it is at this age that their earnings decrease considerably. They stop working and no longer receive regular paychecks. Most of them rely on old age security pensions and company pensions. In addition, they are beginning a period of their life when they are on fixed incomes.

People who retire at age 65 may have to live for 10 or 20 years, at least those who are lucky enough to have good health, on the same income they receive at age 65. During the inflationary period we are experiencing, which has been particularly serious in the last few years, the purchasing power of these fixed incomes has become less and less and it has become more and more necessary to provide greater relief for these people. I submit it is most appropriate that this extra exemption of \$500 be given at age 65 so that the law will be made logical and reasonable throughout.

I mentioned the problem of inflation in respect of people on pensions and fixed incomes. I have also pointed out that the government has provided a certain increase in pensions

each year in accordance with the cost of living, but there is a limit. Personally I would like to see government pensions increased each year without any limit but in strict accordance with the cost of living. Sooner or later this will have to be done. I should also like to see private pensions increased by companies on the same basis. Some of these pensions operate on this basis now, but I am sure the day will come when most of them will have to follow the cost of living index if they are to be reasonable. There are probably other measures which could help the old age pensioners. This is only one specific measure which I hope the minister will seriously consider.

When the guaranteed income supplement was introduced in the house I strongly supported it. I believe that pensions of this type provided by the government should be given to the people who can really use the money. We should give more to those people and less to those who have large private incomes. As a matter of fact, I would probably support a guaranteed income supplement up to \$150, with less money going to those who have other sources of income. I think it is scandalous that the most our old age pensioners can get in this year 1969 is a little more than \$109, whereas some old age pensioners are receiving the \$75 pension from the government as well as large private pensions from their companies and other sources.

● (5:10 p.m.)

I will not spend much time on this measure, Mr. Speaker. The Minister of Finance (Mr. Benson) has announced that in the spring he will present a completely new tax act in which exemptions will be rationalized and will be logical in the light of other provisions of the law. Therefore I await his proposed bill and look forward to seeing amendments in it which will give the old age pensioner a more reasonable exemption and a better way of life.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have had occasion to oppose proposals made by the hon. member for Notre-Dame-de-Grâce (Mr. Allmand). It is also true that it is a bit of a pattern around here to be critical of propositions made by members of other parties. But both of these approaches can be forgotten on this occasion. I offered to second the hon. member's motion, and except for the typographical errors he has had to correct I support it without reservation. I agree with the hon. member that