

• (10:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

VETERANS AFFAIRS—COMPULSORY TRANSFER FROM NON-TAXABLE WAR VETERANS' ALLOWANCES TO TAXABLE GUARANTEED INCOME SUPPLEMENT—APPLICATION OF TAX RELIEF TO 1971

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Monday, April 26, as recorded in *Hansard* at page 5222, I put a question to the Minister of Finance (Mr. Benson) in the following words:

In view of the hope that the Minister of Veterans Affairs has held out to veterans, especially those who are being forced to transfer from the non-taxable war veterans allowance to the taxable guaranteed income supplement, that something will be done this year to relieve their tax position, can the Minister of Finance give the assurance that any changes affecting the position of these veterans will apply to the year 1971?

The reply of the Minister of Finance was to the effect that he could not indicate in advance to the House what the position of the government would be with respect to tax measures. May I say quite candidly that in asking this question tonight I know that I will not get an answer. I know that the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) will tell me that what I am asking for is a commitment in advance regarding a tax change. I know he will tell me that to give a definitive answer to my question would be to disclose proposed tax changes and that under the practices of Parliament he cannot do that. He may then put to me a rhetorical question, asking me why I am taking up the time of this "late show" to raise this matter. Sir, I do so because to me it is a very important issue and I think that the only way we can hope to get action on it is to keep the issue alive, to keep reminding the government of the fact that it must do something about it.

As hon. members are aware, certain regulations were passed recently under the War Veterans Allowance Act which have the effect of forcing veterans who are 65 years of age and over, and who are in receipt of the war veterans' allowance, to apply for the guaranteed income supplement that can be attached to the old age security pension. The result in terms of dollars that a veteran receives, having been forced to make this move, is the same. There is a ceiling on a single war veterans' allowance recipient of \$161 a month. Therefore, if he gets only \$80 old age security, he gets \$81 in war veterans allowance, which gives him a total of \$161 a month. On the other hand, if he applies for and gets the guaranteed income supplement along with his old age security pension, that adds up to \$135 a month, whereupon he gets only \$26 a month in war veterans' allowance, but the total is still \$161.

Since these two totals are the same, someone may ask, why do we complain about it? Apart from other reasons

Proceedings on Adjournment Motion

for our complaining about this practice, the fact is that war veterans' allowance benefits are not taxable. Therefore, the single war veterans' allowance recipient whom I described—and I have done it in the simplest terms—would be getting only \$80 a month of taxable income, or \$960 a year, and therefore he would pay no income tax. But when the same veteran is forced to take \$135 a month as old age security and guaranteed income supplement, that results in his having \$1,620 a year of taxable income.

If he is 70 years of age or over, he has total exemptions of \$1,600 so he has to pay income tax only on \$20. Of course, that is not much but the fact is that he has less total income than he would have had otherwise. If the veteran is between the ages of 65 and 70 his exemptions are only \$1,100; therefore he has to pay tax on \$520. I suggest that this is unfair and should be corrected.

The Minister of Veterans Affairs (Mr. Dubé) has held out the hope that before the end of the year the tax changes to be put into effect by the Minister of Finance will take care of the situation, but we have had no positive or definitive assurance that this will be done and therefore a great many veterans are concerned.

I raise this question, despite the fact that I do not expect to get the answer I would like, in order to underline that concern and to keep the issue alive. I do this in the hope that it will be dealt with in a manner favourable to the veteran just as soon as possible.

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the hon. member has placed this matter on the schedule for debate tonight under Standing Order 39 (6), which implies either that the question was not regarded as urgent by Mr. Speaker in the original instance or that the hon. member was not satisfied with the answer. Since the first was not the case, evidently he was not satisfied with the answer and, of course, in his comments a moment ago he indicated what my answer might be. I appreciate the importance of the matter and the concern of the hon. member in underlining it. I know that with his well-known respect for the institution of Parliament and the traditions upon which Parliament is founded, he cannot, in a technical sense, fail to be satisfied with the answer.

He is asking for a statement involving a change in the tax laws and what, if anything, will be done in that regard must await a budget in the tradition of this House. I should say that the representations made by him on this and other occasions and the representations made by the Minister of Veterans Affairs (Mr. Dubé) with respect to the problem that has arisen for some veterans as a result of changes in war veterans' allowances, have been brought to the attention of the Minister of Finance (Mr. Benson). He is aware of them, they are under consideration and the results of that consideration must await a budget announcement.