

Old Age Security

Before entering into that particular phase of the matter I should like to say that in the hurried plan that has been put before us we are not told whether any consideration has been given to a differential payment. The method proposed, apparently, is following the same pattern that prevailed in the past, namely paying the same amount to everyone whether or not it is needed. I am not saying that is not the right way to do it, because I know it is extremely difficult to enter into a qualitative discussion or make a determination as to who should have more and who should not. It therefore becomes a question of raising enough money to pay everyone the \$10 increase.

With regard to the question of the effective date of the commencement of this, it has already been said by one speaker, and I agree, that the date should be effective from April 8 last; the payment should be retroactive to that date. With regard to the period for raising the funds, I note that in the last paragraph of the statement which has been put into our hands there is a mention of a postponement in the collection of funds to meet this additional \$10 payment, and it is to be applicable to 1964 and subsequent taxation years. In other words the Minister of National Health and Welfare and the present government intend to borrow money to meet this obligation, rather than raise it immediately out of taxes. They realize that if they wait until the 1964 income tax year, when we are filling out our income tax returns for that year it is quite possible we may have a different government, and they will leave on the door-step of that government the problem of raising this additional money in the form of taxes.

An hon. Member: Wishful thinking.

Mr. Kindt: My hon. friends across the way smile, and I can quite understand why they do so. But why was this trick played at this time, when the government is asking us to approve and is placing before the House of Commons a measure proposing to postpone for a year the collection of funds to meet the additional payment. They are borrowing the money in order to make it appear they are doing something which they have been forced into, and they are simply choosing that plan which is most expedient to get out from under. These are clumsy, inept and bungling tactics on the part of the Minister of National Health and Welfare, who in her arrogance is looking for an opening to blame somebody else instead of coming out and saying, "We promised it during the last election campaign to win votes and now we are sorry and have to go through with it".

That is the situation placed before us this evening. I for one intend to vote for the

resolution, as I think most hon. members will. But there are some things about it which I do not like. I have already stressed that the tactics which have been used and a lot of the circumstances leading up to this measure being introduced are certainly not commendable to or to the credit of the present government.

Mr. Benson: Mr. Chairman, I was most pleased to hear the hon. member for Macleod arguing just now for retroactive taxation in order to finance the increase in the old age security pension. This would not be acceptable to those on this side.

In the resolution which is before the committee the government, I believe, has taken a responsible position in saying that the proposed \$10 increase in old age security must be financed by additional revenue. With the indulgence of the committee I should like briefly to outline the history of the old age security tax and the results of the government proposal to increase the contribution from personal income to the old age security fund in order to finance this well deserved increase in benefits to our senior citizens.

When the Old Age Security Act was passed in November, 1951 to provide pensions of \$40 per month commencing January 1, 1952, the act provided for old age security taxes consisting of, first, a tax of 2 per cent on sales of goods subject to the general sales tax. This applied to all sales on and after January 1, 1952. Second, a tax of 2 per cent on the taxable income of corporations became effective January 1, 1952. Finally, a tax of 2 per cent on the taxable income of individuals, with a maximum tax of \$60, was imposed. This tax was at the rate of 1 per cent, with a maximum of \$30 for the 1952 taxation year.

In the budget of April 9, 1959 the then minister of finance announced that the old 2-2-2 formula of old age security taxes would be increased to a 3-3-3 formula. First of all the tax on sales was increased to 3 per cent with effect from April 10, 1959. Second, the tax on taxable income of corporations was increased to 3 per cent effective January 1, 1959. Finally, the tax on taxable income of individuals was increased to 3 per cent, with a maximum of \$90, to take effect on July 1, 1959.

Although the taxes imposed to raise revenues for the old age security fund had been referred to as the 2-2-2 formula, and more recently as the 3-3-3 formula, the amount derived from each of the three taxes has been far from equal.

The sales tax has provided by far the largest proportion, with the tax on individuals next and the tax on corporations producing the smallest portion. This I can illustrate in a table which, with the permission of the