

Although relatively few in number, each person denied the protection of the guaranteed income supplement would justifiably feel discriminated against. Therefore, the bill proposes to eliminate this source of discrimination.

The major feature of the bill before us, Mr. Speaker, is the increase that is proposed in the amount of the supplement. The current legislation sets the supplement at 40 per cent of the old age security pension. With the old age security pension at \$80 a month next year, this would mean the supplement would be \$32. Instead, we are proposing to remove this proportionate relationship, and to raise the supplement to \$55 a month for single people and to \$95 a month for a married couple if both are pensioners. Together with an \$80 old age security payment this will mean a total monthly benefit of \$135 if single or \$255 for a couple if both qualify.

In 1967, the combined benefits were \$105 if single and \$210 for couples. At the rate prices have been increasing since then, the corresponding values for these amounts in January 1971 would be \$122 and \$245. Our proposed rates of \$135 and \$255 more than restore what their pensions would have been had there been no limiting of escalation.

Married couples who are both pensioners will be assured incomes of \$3,060 a year. They can draw a partial supplement if their combined income is less than \$2,304 excluding old age security, or less than \$4,224 including their old age security pensions. A person married to a non-pensioner could draw a partial supplement as long as his income is under \$3,600 excluding old age security, or \$4,560 including old age security. Your Honour will agree, I am sure, that these amounts will be very helpful to a great many low-income aged persons across Canada.

Your Honour will have noted that the rate proposed for a single pensioner is more than half that proposed for a couple. This represents a first step in adjusting the level of benefits to reflect the fact that single pensioners face a higher cost of living per person than do married couples. Data were provided on page 40 of the white paper showing that single aged persons are on the whole poorer than aged couples. For example, 37 per cent of single pensioners have no other source of income, as compared with 19 per cent of married couples over 65. Up until now, the old age security and guaranteed income supplement program paid a single person half the rate for a married couple. However, most of the provincial assistance plans long ago recognized the need for a differential, and pay one person from 60 to 66 per cent of the rate for a couple. Studies of family budgets have shown that an aged person needs about two-thirds of the amount required by an elderly couple to get along. The proposal in this bill will raise the minimum income of a single person to 53 per cent of that for a couple. If only the amount of the supplement is considered, the single rate is 58 per cent of the rate for a couple. This we regard as a first step in improving this relationship; we hope that further adjustments can be made the next time the rates are improved.

Old Age Security Act

● (3:50 p.m.)

After the first year of operation at these new rates, the supplement will be raised in April 1972 by the 2 per cent escalation which will be reflected in the pension index for that year. This automatic escalation feature is to be retained for the GIS program, and will be applied to the total combined amount of old age security plus GIS, that is \$135 and \$255. Thus, in April, 1972, a 2 per cent increase would mean that the single rate would rise to \$137.70 and the married couple's rate to \$260.10. In other words, the amount of the supplement would be raised to \$57.70 for single persons and to \$100.10 for couples. On the basis of price increases in 1970, it was felt that the 2 per cent ceiling could justifiably be retained, since price increases this year have remained within that limit. The increase in benefits we are proposing will take care of the past abnormal increases in prices, and the automatic escalation of not more than 2 per cent should take care of any price increases that may be expected in future.

Another change contained in the bill before us is the proposal to switch from a calendar to a fiscal year basis for the payment of benefits. Applicants will still be asked in January of each year to report their income from the preceding calendar year. Then, during the period January to March, the administration will be processing and verifying applications as they do now. But, instead of making retroactive adjustments in the supplements for the first three months, they will start paying the new rate in April; this rate will carry through to the following March. To cover the period January to March, 1971, before the new rate of benefit comes into effect, pensioners who qualify will receive during these months the same amount as they would have been entitled to had no changes been made in the legislation at all. Single pensioners will get up to \$33.61 and married pensioners will receive up to \$67.22 a month.

Other changes in the legislation have also been proposed to make it more equitable. Married couples who have been living apart for more than a year can be treated as single in cases where one spouse cannot be found or refuses to co-operate by providing required information. In cases where one spouse is in a hospital or nursing home, and the other has to live alone with the same costs as a single person, that spouse can be treated as though he were single.

At the present time, spouses who do not draw pensions have to declare their income for the previous year and are not given the option of substituting their current year's earnings if they have retired. This option is granted to those who are pensioners. The Act thus discriminates between pensioners whose spouses are over 65 and those who are under 65. The bill proposes to remove this discrimination by allowing spouses under 65 to declare they have retired and to substitute current earnings for previous earnings.

Another change proposed will allow people to exercise the option to retire more than once. Experience has shown that older people do take up new work after retirement, and suffer hardship in the year they retire