

government's record, and, second, the fact that the threshold has been set at a level where very few seniors are affected now or are likely to be affected in the foreseeable future.

The final recommendation by the majority of the committee is that the amount of OAS to be repaid should be reduced by \$75. This, they argue, recognizes that Canadians contributed to an old age security fund between 1952 and 1972. It is true that such a fund existed and earmarked taxes were paid. However, during the period 1952 to 1972 old age security benefits were significantly improved, but the earmarked taxes were not increased to fund these increased benefits. As a result, the fund operated at a deficit on an annual basis so that, when it was eventually wound up in 1976, the accumulated deficit was \$121 million. During this period OAS did not operate like an insurance scheme in which benefits are directly based on individual contributions. Indeed, the debates in the other place when the fund was introduced make it clear that the intention was simply to make the cost of OAS clearer to taxpayers, not to have an insurance program like C/QPP.

In conclusion, I would note that the flexible approach to indexation has actually resulted in greater increases in benefits than if automatic indexation had been in place. Consequently, I would argue that this government's record is a sufficient guarantee that the \$50,000 threshold will not erode over time. In addition, the argument that the existence of an OAS fund at one time means that there is a "moral obligation" to recognize this in designing the recovery of OAS is based on the false premise that the OAS fund operated like an insurance scheme. In fact, it did not.

For these reasons, honourable senators, as well as what we hold as the violation of the principle of the House of Commons control of the purse, these two amendments on indexation and on the \$75 disregard should be rejected. But I suspect that the bill will go forward, honourable senators, and, if so, it will be on division.

Senator Frith: Honourable senators, the difference of opinion about this report and these amendments is well known to senators. The report itself, on the last page under a heading "Dissenting Opinion", says:

This report represents the views of a majority of the Committee. The members who support the Government are in disagreement with the report.

That position was reaffirmed during the committee meeting last night, at which I was present, as was Senator Nurgitz and others.

To say a word on behalf of those who support the report, the point with respect to indexing made by Senator Doody is that the risk of reaching a ceiling soon is mild. I do not believe Senator Doody rejects the principle of there being some relationship between the ceiling and some cost of living index. The majority of the committee felt that we should have some assurance regarding that and, therefore, insisted upon the amendment as originally framed.

With respect to the question of the guarantee of this government's record, honourable senators will understand that

because of the atmosphere of cooperation that exists now I am biting my tongue on that issue and will not say anything more than that the majority of the committee would prefer to have that in writing.

Senator Buckwold asked me to refer to a document that dealt with the question of the earmarked tax. The rejection of this proposition is based on the principle that Senator Doody mentioned, that it is related to a concept of insurance. The majority of the committee did not think of it in that context at all, but as a separate fund set aside and contributed to by taxpayers. The document I have is entitled "Child and Elderly Benefits Consultation Paper", dated January 1985 and signed by Jake Epp, the Minister of National Health and Welfare. In Table 2 there is an historical account called "Elderly Benefits, Net Annual Benefits for Single Individuals and Two-Pensioner Couples (1984)". On page 23, under the heading "1951", it says:

Section 94 of the *Constitution Act, 1867* (formerly the *British North America Act*) was amended to authorize Parliament to make laws in relation to old age pensions.

Old Age Pensions Act repealed and replaced by the *Old Age Security Act* which beginning in 1952, provided a universal flat-rate pension payable at age 70, financed by special ear-marked taxes.

That is the end of the quote and that concludes my intervention.

Motion agreed to and report adopted, on division.

THIRD READING

The Hon. the Speaker pro tempore: Honourable senators, when shall this bill, as amended, be read the third time?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill, as amended, be read the third time now.

The Hon. the Speaker pro tempore: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill, as amended, read third time and passed.

SENATE REFORM

DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Gigantès calling the attention of the Senate to Senate reform.—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, again I think of what Sir John A. Macdonald said to Sir Mackenzie Bowell, "It's been a long day, Bowell."

Senator MacDonald: Name dropper!