

comparison with the inequity associated with using an individual income test to determine social benefits.

Therefore, the Committee amends Bill C-28, to apply the social benefits reduction tax on the basis of family income. Recognizing that the threshold must be raised when a family income concept is substituted for one based on individual income, the social benefits reduction tax would be applied to a family income threshold of \$66,850.00. The value of this threshold is designed to generate, in 1990, an amount of tax revenue equal to that from the individual income threshold proposed by the Government.

The Old Age Security Fund

Between 1952 and 1972 the Government earmarked personal income taxes, corporate taxes and sales taxes for contribution to a special fund, called the Old Age Security Fund. For individual Canadians, a separate tax, clearly identified on their income tax form, identified the amount of their contribution to the fund. In 1972, the special earmarked tax was discontinued but the fund was credited with the amount of revenue that it would have received had the tax been still in place. The Old Age Security Fund had an accumulated deficit of \$121 million when it was abolished in 1975.

A number of witnesses that appeared before the Committee stated that payment of the special earmarked tax between 1952 and 1972 set up an obligation on the part of the Government to deliver OAS benefits to contributors to the fund. The statement by representatives from the Federal Superannuates National Association is indicative.

"People paid for something, and when they reached the age at which they would become eligible they expected to have that paidIn effect the government has changed the rules of the game because it extracted a payment This has been a clear breach of that undertaking and I do not think that you gentlemen or the government would allow a similar breach of an undertaking, for example, by an insurance company that had provided an annuity and then turned around and refused to pay it when it was due."(27:8)