

Old Age Security Act

necessary by his financial position. It seems to me that the guaranteed income supplement program should be phased out after suitable arrangements are made with the provinces, to take care of those in need. There are many needs which are not met by the guaranteed income supplement for those pensioners who must of necessity have further help from their provincial governments.

One of the weaknesses of the guaranteed income supplement Mr. Speaker, is that it is based on the dollar income of the pensioner, and it does not take into account any of the assets that a person may have. For instance, a person may have his own home but he will receive the same income as one who has the cost of rent and other expenses to meet. Indeed, a person may well leave assets such as cash in his current account in the bank, drawing no interest, and he could quite easily receive the full guaranteed income supplement. It is, therefore, a very imperfect way of assessing what extra income a person should receive over and above the old age pension.

There is one area that I would like to draw to the attention of the Minister of National Health and Welfare (Mr. Munro), whose department makes the assessment for guaranteed income supplement. It concerns the matter of annuities. At the moment, according to the ruling I have received, an annuity payable at so much a month, on the principal portion of which tax has been paid and represents savings, is considered full income.

I know of a specific case in which a person with a small amount of capital, about \$12,000, was advised to buy an annuity on her 65th birthday which would have provided her with so many dollars a month. However, on investigation it turned out that this annuity would be wholly considered income in the calculation of the guaranteed income supplement, so she would lose heavily by taking the annuity. At the end of five years, she would have just as much left out of her capital as if she had invested in an annuity. This seems to be an administrative technicality that should be investigated. Where the tax has been paid on the principal portion of the annuity, that should be exempt from the calculation of income in the guaranteed income supplement. We might also learn that in many cases those who have saved through the Canada Pension Plan will find that their guaranteed income supplement has been reduced to the point where they are little better off than those who did not save toward an annuity or did not even contribute to the Canada Pension Plan.

With those comments, Mr. Speaker, I am in full agreement with the bill and hope it receives speedy passage.

[*Translation*]

Mr. André Ouellet (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I should like to say a few words on Bill C-207 to amend the Old Age Security Act.

My remarks shall be very brief and deal mainly with certain statements made in the course of this debate by members of the opposition. The other day, I heard the leader of the Social Credit party (Mr. Caouette) stating that it was thanks to his party that senior citizens obtained higher pensions.

An hon. Member: Hear, hear!

[Mr. Ritchie.]

Mr. Ouellet: The leader of the Social Credit party is a past master in the art of saying shocking things and I think it is proper, in this House, to state the facts.

In fact, the planned increased pensions are strictly in line with the tradition of the Liberal party which has always been the protector of those in their golden years. In 1908—

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, may I put a question to the hon. parliamentary secretary?

Mr. Ouellet: Mr. Speaker, I shall be pleased to answer the questions of the hon. member when I have finished my speech.

Mr. Caouette: Mr. Speaker—

The Acting Speaker (Mr. Laniel): Is the hon. member for Témiscamingue rising on a point of order?

Mr. Caouette: Yes, Mr. Speaker. I should like to point out to the hon. member that, two years ago, when an increase in the old age pension was proposed to the House, he voted against it.

Mr. Ouellet: Mr. Speaker, I expect the hon. member could not stand to be contradicted. He mentioned, when he last spoke in the House, that he would like to pit himself against me in public debate. I told him he could invite me to his riding at any time and that I would gladly go and explain to the voters in Témiscamingue how the hon. member has been telling them half-truths for many years.

Mr. Speaker, in 1908, for the first time, a Canadian government, then headed by the right hon. Sir Wilfrid Laurier, tried to help elderly people by passing an act on annuities. That was long before the Ralliement Créditiste came into existence, and long before the hon. member for Témiscamingue came on the scene.

Second, in 1927, a Liberal government—and Creditistes had nothing to do with that either—introduced the Old Age Security Pension Act. It originally provided financial assistance of \$20 a month to people aged 70 or over who passed the means test. At the time, the act was administered by the provinces, with the federal government sharing in the expenses to the extent of 50 per cent.

Subsequently, several amendments were brought to the act, to increase benefits and to alter provisions relative to the means test. It was however becoming obvious that this system for meeting the needs of elderly people could not be satisfactory to all. That is why in 1951, following an appropriate amendment to the constitution, the federal government, under the administration of the right hon. Louis St-Laurent, undertook, first to assume full responsibility for administration and financing of an old age security pension plan applying to all persons of age 70 or over.

Second, to pay half the costs of a provincial old age assistance scheme with a means test for persons aged from 65 to 69.

The monthly benefits payable under the terms of the act have changed through the years, Mr. Speaker, and it can be said that the legislation passed in favour of the elderly