

Old Age Security Act

will pay tax on an income of less than \$2,700, and that a married couple over 65 will be tax free on the first \$4,100 of income.

Of the 750,000 people who will be removed from the federal tax rolls, senior citizens who tend to fall into the lower income groups can be expected to constitute a significant proportion. Those whose income is above these new thresholds will benefit from the 5 per cent cut in the federal tax rate, with a maximum reduction of \$500 and a minimum reduction of \$100. This tax reduction is even more significant when seen in the context of a family. For example, it constitutes a 47 per cent tax reduction for a family earning \$5,000 a year. It amounts to an 18 per cent tax reduction for a family earning \$7,000 a year. These reductions in income tax make this budget truly a family budget.

The budget measures designed to reduce consumer prices will benefit pensioners as they will benefit all Canadians. The removal of federal sales and excise taxes from certain consumer goods, including some foods and toilet items, and the average reduction of 5 per cent in the tariff on a wide range of consumer imports will be welcome news to our old people as well as to the young. The tariff reductions on food products such as out-of-season fruits and vegetables are especially important to our senior citizens and others on low or fixed incomes for whom food constitutes a relatively large proportion of the weekly budget. Of particular importance is the reduction of tariffs on drugs.

Our pensioners, like everyone else, will benefit from the new indexing system for personal income tax to be introduced in 1974 under which there will be annual adjustments in exemptions and tax rates to compensate for increases in consumer prices. For old age pension recipients and guaranteed income supplement recipients, this will mean specifically that they will not become liable to pay tax merely by virtue of increased pensions and supplements.

Taken together, these budgetary measures can be expected to have a significant effect in lowering the cost of living for old age pensioners and in reducing their income tax. Along with the increase in the basic pension payment, they will go a considerable way toward improving the financial position of senior citizens. In considering the requirements of our senior citizens and the adequacy of the proposed increases in the basic pension, we must always bear in mind that the old age security payments are but one element of the social security system that was evolved in Canada to meet the needs of our elderly.

Canada is a country which provides support to elderly persons by means of several schemes. The universal old age pension and the guaranteed income supplement are augmented, in the case of many pensioners, by a contributory insurance plan, the Canada Pension Plan, which will not only pay 25 per cent of the worker's average annual earnings up to \$5,100 from 1976 but also provides a disability pension, a benefit for dependants of those disabled and unable to work, a pension for widows, orphans and disabled widowers and a lump sum death payment. Canada is one of the few countries which has this three-tier approach to income support for the aged. In addition,

[Mr. Foster.]

a fourth tier is provided for many employed persons through private pension plans.

• (1540)

There are also several programs which provide special assistance to the elderly in many facets of life. The Canada Assistance Plan, introduced by the Liberal government in 1966, can assist with special needs such as drugs, nursing home care, home care, etc., with a 50 per cent payment by the federal government. In most provinces, under the medicare scheme no premiums are charged to OAS and GIS recipients for hospital and medical care.

The New Horizons program will provide funds of up to \$10 million over the next 18 months for projects undertaken by the elderly. Over 200 projects have received approval to date, with grants totalling some \$1.3 million. Mr. Speaker, I believe that the New Horizons program, although designed for elderly people, will provide benefits to people who though they may be old in age are young in heart. When I looked at the announcement of several projects approved recently I came across one for a project in Toronto entitled the Merry Hearts Club, another in Kingston was for the Gadabouts Club and another in western Ontario was for the Rhythm Rascals. After visiting some of the senior citizens groups in my own riding, I know that a great many of our elderly people are young at heart—and the New Horizons program is keeping them that way.

It can be seen that the OAS and GIS payments under the present system of income support for senior citizens merely form a base, a minimum level of income guaranteed by the federal government, and it can be seen that additional measures, both federal and provincial, are available to supplement this basic income in special circumstances for specific needs.

Judging from the record of past Conservative governments, and from the figures which the Leader of the Opposition (Mr. Stanfield) has quoted, suggesting his party would provide an old age security benefit of \$92 or \$95, it seems to me that we could have expected criticism from the official opposition suggesting that we are going too far and too fast. However, I was pleased to learn yesterday that the official opposition will support this bill, and to learn from the hon. member for Victoria (Mr. McKinnon) that he was suggesting an amount of \$97 per month. Many of us would like to be able to do even more for our senior citizens and to raise the pension by an amount even greater than that proposed in this bill. But to do so at the present time would be very costly. I am convinced that this is the best we can do under the present circumstances.

Another area in our social policy concerning old age pensioners which is very important is the provision of the low rent, geared to income, housing program which has been available in Canada. Surely this program to provide good shelter at minimal rents is a most valuable one to our senior citizens who have to face the difficult years of retirement. This program in Ontario is financed jointly through the Ontario Housing Corporation and the federal government's agency, Central Mortgage and Housing Corporation, with 90 per cent of the cost being paid by the