

Income Tax

report urged the Government to increase the interest exemption from \$100 to at least \$500, and cited many of the reasons that I have given this afternoon for the recommendation. The report was given substantial attention by Canada's veterans and the Veterans Committee, and it was said to have received favourable consideration by the Government.

Various motions were made in the House on the heels of that report, such as motions under Standing Order 43. Questions were also asked in the House. But what has the Government done to implement an increase in the amount of the exemption? It has done nothing. The months dragged by, and still nothing happened. Almost a full year later my colleague, the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie) questioned the Minister about his failure to act on that Senate Committee recommendation. The present Minister of Veterans Affairs (Mr. Campbell) responded by saying that the recommendation was "under active consideration right at the moment". That was in June, 1982, eight months ago, Mr. Speaker. It is too late now to assist these veterans for the 1982 tax year. That has gone by when the Minister was saying it was under consideration, eight months ago.

The Government's failure to act left the veterans vulnerable during those years when interest rates were at the astronomical height of 20 per cent or stretching thereto. Hon. Members will recall that the Government used the same approach to respond to the mortgage rate crisis in the country. Once the worst was over, the Government took some action and proclaimed that it cared. We see the same scenario developing here.

I am not going to prolong the debate, Mr. Speaker. It is important that this issue be brought before the House so that it can be concluded in some form and that we can attack it in a reasonable manner. It should be evident to all Members, as it is to the veterans, that an increase in the interest income deduction is long overdue.

If the Government truly cares and is willing at this late date to correct that long-standing injustice, then this motion should meet with the approval of the House today.

Mr. Roland de Corneille (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, the Hon. Member for St. Catharines (Mr. Reid) is proposing that the Government consider increasing veterans' income tax deductions for interest income from \$100 to \$1,000.

Such a suggestion is superfluous as far as the Income Tax Act is concerned because all veterans, just like every other Canadian who files an income tax return, can claim up to \$1,000 in deductible interest income. Strictly speaking, the Hon. Member for St. Catharines is asking for something that is already in existence.

However, Mr. Speaker, the Hon. Member also makes the worthy suggestion that War Veterans Allowance recipients should be allowed to earn a larger amount of forgivable interest income than is presently permitted. I should like to address that point.

The Hon. Member is not the first person to put forward such a suggestion. He is echoing resolutions passed by members of a number of veterans organizations.

The last change to the amount of interest exemption was in July 1980, when this House passed Bill C-40. The ceiling was raised from \$50 to \$100.

You will appreciate, Mr. Speaker, that interest rates reached extremely high levels in the months following the passage of Bill C-40, and it has been argued, logically, that a War Veterans Allowance recipient would not need to have had all that much in savings before topping the \$100 exemption level.

True, the savings rates now available at banks and trust companies have come down substantially in recent times, but the Minister of Veterans Affairs appreciates the arguments advanced by veterans organizations and now by the Member for St. Catharines.

In fact, the question of interest income is already under scrutiny, but it is only one part of a total, comprehensive study being undertaken of the War Veterans Allowance Act.

Mr. Speaker, Hon. Members should be aware that at the moment the Act is being examined in its entirety. No aspect is being overlooked. Not only are the levels of benefits being examined but also the way the benefits are delivered. In other words, the Department launched an in-depth study into the effectiveness of the War Veterans Allowance Act in 1983—more than 50 years after WVA was introduced by Parliament.

Hon. Members should understand the background against which this study is being undertaken. Within a few years the large majority of Canadian veterans will be over the age of 65. New programs will have to be developed to assist this aging veteran population.

Many Members will be familiar with the aging veterans program launched by the Department of Veterans Affairs last year. This program has been widely praised as it offers a number of services designed to keep a veteran out of hospital and comfortable in his own home. However, this program at present is only available to those who receive war disability pensions. From this initial experience, it is hoped that War Veterans Allowance recipients will also be embraced by this valuable program, and this is one of the matters now under study.

I should tell Hon. Members that the whole War Veterans Allowance review is being undertaken not only by members of the Department of Veterans Affairs but in consultation with representatives of the Department of National Health and Welfare. These officials want to see if War Veterans Allowance, Old Age Security and the Guaranteed Income Supplement can be rationalized in terms of service delivery.

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In addition, the opinion and advice of veterans' groups have been sought and are being received. The Minister can inform the House at this time that the review should be finished in the fall. I repeat that it is a wide-ranging review, concentrating on