

this step. Criticisms have been made frequently by members of the House as well as by the press.

• (1440)

Here is an article from the *Winnipeg Tribune*. It deals with the Gallup Poll, that frightening thing. It mentions the leader of the Conservative party who met 600 old age pensioners in British Columbia and talked plainly to them about their problems. Then, it goes on to say:

The Trudeau government has acted shamefully toward the aged. The last increase in the universal old age pension amounted to 42 cents. For needy pensioners (those receiving supplement) the increase was limited to 2 per cent regardless of the sharp rise in living costs. The cost of living had risen at least 3.5 per cent. As a result needy pensioners are worse off now than they were a year ago.

Is this the just society?

I want to remind the minister of that and to tell him that there are a few things in this bill that we will be examining. Since I like the minister, I am pleased that he has taken another timid step. I congratulate him on that small step.

**Mr. Maurice Foster (Algoma):** Mr. Speaker, the bill before us today, C-207, is entitled "An Act to amend the Old Age Security Act." It will have a profound effect on the lives of some 1,800,000 Canadians who are over 65 years of age. I understand that of these, some 995,000 receive part or all of the guaranteed income supplement. In his budget speech on Monday night, the Minister of Finance (Mr. Turner) said, when speaking about the old age pensions, that the budget was designed "to render justice to those people in our community who have been hurt by the rise in the cost of living and who have no way of fighting back."

Sir, this proposal to tie the old age pensions and guaranteed income supplement to the cost of living index represents a most significant step in our social policy program. There was provision under the old program to pay 2 per cent escalation to counteract the effects of inflation, but this only applied to the guaranteed income supplement recipients. This 2 per cent could never completely satisfy in the long haul because in many years the cost of living index rose much higher than that. Thus, a substantial lump sum payment had to be applied every few years to compensate for this.

The same principle applies to the old age security part of the pensions. People receive this pension as a matter of right. They contributed to the program in years gone by when they were paying their income tax, and now they are entitled to receive the benefits. I believe that with the escalation factor applied to this basic \$80 a month figure, the benefits will be much more fair. If this pension is to be paid with cheap dollars, then there should be more of them. This is the only way to see justice done to our pensioners.

The opposition is deriding the small benefits that will be given through the increase to the old age security pension recipients as if it is paid as a lump sum increase, which of course it is not. It is only the increase in the cost of living, so that our old age pensioners can buy in 1972 the same amount of things that they did in 1971 with their old age pension benefit. Anyone who has paid interest on a loan

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or mortgage has learned how only a few percentage points add up over a period of time, especially if the interest is compounded. The benefits to be paid under this escalator clause for this increase in the cost of living are applied so that there is this compounding effect.

However, at the same time if the change in cost of living index is a negative one, the old age security pension and the guaranteed income supplement will have a floor under them so that they will not decline. So, we have the happy situation of the escalation to counteract inflation, and no decrease should our cost of living move downward as it would in a severe recession.

There is also provision in the bill for people to reside outside Canada for more than a six month period and still receive the OAS, providing they can show that they have lived in the country for at least 20 years after the age of 18. The old rule was that a person had to reside in Canada for a period of 25 years after age 21. I am sure other hon. members know of old age pensioners who, due to health reasons or family circumstance, had to be away from Canada for more than a six months period. But under the old regulations they had to return to Canada in order to continue to receive their old age security pension. This change will benefit these people.

The benefits themselves under old age security and the guaranteed income supplements can amount to \$15 per month for a single person and \$30 per month for a married couple. This brings the maximum benefits to \$150 per month for a single person, and \$285 per month for a couple. This represents about an 11 per cent increase. Further, these combined old age security and guaranteed income supplement benefits will be subject to the escalator factor in future years. If the cost of living index should rise as high in 1972 as it did in 1971, namely, 3.6 per cent, the maximum combined pension benefits would be increased by about \$5 and \$10 per month respectively for the single and married recipients, starting next April.

In his budget speech the Minister of Finance also mentioned that the special exemption for taxpayers over 65 years of age will be increased from \$650 to \$1,000. This, added to the basic exemption of \$1,500, plus \$100 for charitable gifts, will give a total exemption for single taxpayers 65 years of age and over of \$2,600 per year. For a married taxpayer the amount is \$2,850 plus \$100 plus \$1,000, making a total of \$3,950. These benefits and exemptions are retroactive to January 1, 1972. This special exemption also applies to taxpayers who are blind and who are confined to bed or to a wheelchair.

The minister also said that a program will be brought forward to be called "New Horizons for the Aged." I hope that the Minister of National Health and Welfare (Mr. Munro) will soon give the details of this program to the House. In my constituency we have several senior citizen clubs, including those at Bruce Mines, Blind River, Elliot Lake, and Mindemoya. These provide opportunities for fellowship and friendship to the senior citizens who participate in them. Especially important is their ability to speak as a united voice for senior citizens when making their views known to various levels of government and community agencies. However, I dare say there is more untapped talent, experience and common sense in these groups than in any of our other communities. If this