

Family Allowances

tax privileges. I suspect it will slightly increase the budget for social expenditures within Canada within the total budget, but I do not have the exact figures.

● (2052)

Mr. Lambert (Edmonton West): Mr. Chairman, I would like to intervene to refer back to the debate we had the other day on my private bill, Bill C-203, which was aimed at curbing the expansion of the illicit use of the social security number concept. I can recall when social security cards were introduced on a voluntary basis in 1964. The Minister of National Health and Welfare, for whom I have a great deal of personal respect, has become an innocent victim—

[*Translation*]

—of the civil service.

Miss Bégin: Do I look innocent?

Mr. Lambert (Edmonton West): Listen, you could be told something else, at another time and place, in other circumstances, but—

[*English*]

The President of Privy Council said in March, 1964 that the social security number would not be used for income tax purposes. The Prime Minister in April, 1964, in the same debate, said that it would not be used for purposes of income tax. In 1966, however, there was a very subtle introduction of the social security number for identification purposes on the income tax return as established under section 237 of the Income Tax Act.

I am concerned about the "Catch 22" situation I described the other day, that under the guillotine in 1976 there was passed a requirement under section 234 whereby a declaration of ownership should include the social security number of owner. I do not know what good it does because there is no way of checking on the number. There are people in this country who hold at the present time 30 to 40 numbers, albeit illegally. There is nothing to say when a person goes to a bank, trust company or any other institution that cashes Canada Savings Bond coupons issued prior to 1977 that the number on the ownership certificate is the right one. The ownership certificate, for example, could be that of my wife, and I may have filed it for her as her agent. It is not necessary for her to have a card.

There are many people in this country who refuse to have a social insurance card. If it is the government's intention that everybody shall have a national identification number in the concept described in George Orwell novel "1984", then let the government come forward and say so. It does not have to do it under the guise of the Income Tax Act.

I have in my possession letters from the Acting Minister of National Revenue written for her by her officials, and they are complete nonsense. There is a woman in this city who owns some Canada Savings Bonds, a gift to her from her husband. Under the requirement of attribution of income, the coupons were being credited to her husband's income, but ownership of

[*Miss Bégin.*]

the bonds is in her name. When she went to cash some coupons the bank insisted on her providing a social security number, and she refused to do so because she does not have one and does not need one. She felt that it was not necessary since she was not qualifying for the Canada Pension Plan and she was not employed. For not complying with the regulation there was a 25 per cent penalty imposed on the coupons of the bonds. The bonds were given to her at a time when these conditions did not apply.

The government through the Department of National Revenue, for which the Minister of National Health and Welfare is acting minister, has imposed a new rule on the game, and it is a breach of agreement with the purchasers and holders of Canada Savings Bonds prior to 1977, because bonds purchased prior to 1977 were never part of the game.

The Parliamentary Secretary to the Minister of Finance and others on the government side said in the debate on my bill, that it was an easy matter to pay the 25 per cent penalty and then claim a refund on the income tax return the following year. There is a "Catch 22" situation here, however, because under sections 150 and 237(2) of the Income Tax Act the form requires a social insurance number. When the lady in question went to claim her money, she was told she would have to file an income tax return and that they required a social security number. She has no need for a social security number, but the income tax department through the bank was insisting, improperly and immorally, on a 25 per cent penalty on coupons prior to the 1976 bond issue. After receiving her money they turned around and said that she could not have the 25 per cent refund because she was not able to file a proper return. She complained that she had no need to file a return because this was her sole outside income and, it was being declared every year on her husband's return, according to the guidelines of the Income Tax Act.

This lady was not required to file a return because the income was being declared under her husband's name. The bank for this reason would not refund the 25 per cent penalty.

Finally, there was a weasel. The Department of National Revenue replied in a letter dated September 13, 1978:

The social insurance number is required as an identifier of contributions and benefits of Canada Pension Plan and unemployment insurance.

Neither category is applicable to her.

It is required to be reported on information slips and on individual income tax returns.

Once again, it does not apply to her, with the exception of ownership.

It has become an integral part of my department's linkage in the processing of assessments and reassessments of individual income tax returns.

This is totally contrary to the undertakings of the minister of labour and the prime minister of the day in 1964.

My department's computer system has been designed to automatically request a social insurance number where one does not appear on the return.

In other words, it is the computer that determines whether you need a social insurance number.