

Government Orders

without families to those with families. They recognize the fact that our collective needs must be taken care of by everyone in Canada.

• (1710)

What many seniors find most objectionable about the clawback of the old age pension is the fact that this is something they feel they paid for over the years. I have gone back in *Hansard* to see what was being said in this Chamber in the years in which the old age pension was being implemented. In *Hansard* on October 25, 1951 the Minister of Finance, when talking about the legislation that created the old age pension for the first time as something that could be paid without a means test, stated:

The legislation to be introduced will establish—a special fund to be called the old age security fund. Pensions will be charged to this fund and the revenue from certain taxes will be credited to it. The taxes in question will be specifically levied in the old age security legislation rather than in the ordinary revenue acts which authorize the raising of funds for general governmental purposes.

Perhaps it would be useful in order to avoid any possible misunderstanding if a few words were said about the basic principles on which the Canadian plan as set up will operate. It has been described as a universal pay-as-you-go system as distinct from old age assistance such as we now have, or from a system of old age insurance such as has been adopted by some other countries. The plan here proposed has also been described as a contributory system in the very real sense that certain special taxes are to be imposed and earmarked to support the fund.

That is the principle upon which the old age pensions were established.

In 1971, when it was proposed to simplify the income tax system and eliminate the special old age security tax, the concerns about whether this would lead to the end of universality were expressed very eloquently by a number of members at the time. For example, the then member for Winnipeg North Centre, the Hon. Stanley Knowles said in the House on December 20, 1971, and by coincidence, today is the anniversary of that date:

There are one or two further points I should like to make. The minister states he has no intention of getting away from the present practice. I wish he would confirm the statements which have been made by the Minister of National Health and Welfare. Does the right of entitlement, which has been based on the taxes the way they were, still hold? The Minister of National Health and Welfare has declared

that it was because the taxes were earmarked there was a right which people could assert. Will that still hold?

The then Minister of Finance, Mr. Benson, responded:

The right is given to the pensioner by Parliament. The only way of changing this would be for the government to amend the Old Age Security Act in order to change the amount paid to people. I can assure the hon. member that we have no intention of changing the universality of the basic pension.

Here we are, 18 years later, faced with this legislation with time allocation ending that right of senior citizens.

The 1971 T1 *General Tax Guide*, at page 17 states:

(3) Old Age Security Tax—All taxpayers whose "Taxable Income" is over \$500 are subject to the Old Age Security Tax. The tax is 4 percent of "Taxable Income"—maximum \$240.

These people have bought and paid for their old age pensions. They do not deserve to be treated as they are by this government having them clawed back, taxed back, whatever their income level is. This tax is a discriminatory tax, a tax based on age. No other group in this country is going to be asked to pay a tax rate of 100 per cent on any kind of income, but the seniors of this country who bought and paid for their old age pensions are being asked to pay a tax rate of 100 per cent of their old age security, if they are in the category that it applies to, and it is totally unfair.

There are other problems with it. The superannuates came to the committee and they reminded us of how they had negotiated in good faith with the government of the day the amendment of the provisions of the Superannuation Act for federal public servants at the time that the Canada Pension Plan was being introduced. They told us of the discussions that went on at that time when they were promised that their old age pensions would not be affected. For that reason, they agreed with the integration of their superannuation benefits with the Canada Pension Plan.

Is this government offering to go to the federal superannuates, to the unions that represent them today and renegotiate the superannuation so that it could be done on the terms on which it was introduced those years ago? I think not, regretfully.

We heard about those who benefit from defined benefit pension plans whose pension plans provide that the amount they receive will be reduced by the amount of their old age pension. What this ridiculous clawback system, which is a badly disguised version of an assault on universality, says to those people is: "First you get your