

*Private Members' Business*

Reformers at least were up front with the senior citizens indicating that we would preserve the benefits of non-contributory social programs, like old age security, for Canadians whose household income is below the average Canadian family income of \$54,000 a year. We also committed to reduce and eliminate old age security benefits for households above the Canadian average income of \$54,000 a year.

• (1820)

Crazy, said the Liberals. Foul, said the Liberals. Unfair, said the Liberals. Here we are on the last day of May 1994 and the Liberals propose the following. For the 1995 and subsequent taxation years, they are going to reduce the individual's age tax credit by 15 per cent of the amount, if any, by which the individual's income for the year exceeds \$25,921. That is a means test.

For the 1994 taxation year by the lesser of \$1,741 or 7.5 per cent of the amount, if any, by which the individual's income for the year exceeds \$25,921. That is a means test.

The only word I can think of that applies to those who say one thing and do another is hypocrisy, and it does sound familiar.

That being said, this reduction or change is somewhat progressive and administered in a similar fashion to other tax credits such as the child tax benefit. The measure will not affect 75 per cent of seniors who have incomes below the \$25,921 threshold. Seniors with incomes between \$25,000 and \$49,000 will lose a portion of their credit and those with incomes above \$49,134 will lose it completely.

Means testing is very much in line with Reform principles. These types of measures should be supported because they are a step toward better fiscal management. The idea behind this measure is similar to our clawback recommendations for seniors collecting old age security while having incomes above the average national family income.

The tax credit is mostly used by seniors who have substantial savings in RRIFs, RRSPs and other investments that yield dividends. There is no reason other than political to provide further preferential treatment via tax credits. Rather than simply using personal income as the base for reducing the tax credit, the government should implement family income as the measure, especially since this tax credit is transferable to a spouse. Further, many low income seniors live within a high income household. It is time that the federal government started distributing benefits based on need.

That reminds me of what happened in the House today as we disclosed in question period that this government is providing old age security and the supplement, Canada pension and GST refunds to people while they are in prison.

If you want to look at means testing, if you want to look at why we distribute benefits to people, I question very much a government that would provide to killers, to people who have raped our women, old age security in addition to their housing, their food, their recreation, their training, and yet expect seniors of our country to live only on old age security. Maybe the government should have a look at their own policies again and distribute benefits based on need.

Currently \$1.7 billion goes to seniors via old age security who have personal incomes over \$50,000. If we considered household income this number would be \$2.6 billion a year. Seniors in this income range also receive \$3.5 billion in Canada pension by household. Clearly the tax credit can be reduced.

Most people would agree that seniors with high incomes should not be getting these payments when they could be better used to help the truly in need or used toward debt reduction or tax relief.

The "old" old age security and Canada pension exemplifies the problem that is inherent in our political system today. Resources are not distributed on the basis of merit or need but on political preference. How unfortunate for Canada.

In summation, we agree with the means test, not the one proposed, but we are getting there. Therefore we are not in favour of this motion.

• (1825)

**Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development):** Mr. Speaker, I am pleased to have the opportunity to speak to the motion presented by the hon. member for Québec—Est in which, among other things, it demands that the old age security program and the Canada pension plan be maintained in their present forms.

To begin, let me assure the House that the government has absolutely no intention of reducing old age security pensions for current seniors. Both the Prime Minister and the Minister of Human Resources Development have stated this clearly on numerous occasions.

As well it is important to remember that the February budget included annual increases in old age security expenditures. The total expenditures for 1993-94 were in the order of \$19.9 billion. In 1995-96 these will grow to approximately \$21.4 billion.

I should add that the government understands very well the importance of these programs to Canada's seniors, especially given the fact that in 1991 approximately 40 per cent of the income of seniors was made up of old age security and Canada-Quebec pension plan benefits. To suggest that the government might somehow sacrifice the standard of living of seniors by massive cuts strikes me as extremely irresponsible.