

Old Age Security Act

[Translation]

FINANCE**LOW INTEREST LOANS FROM BANK OF CANADA FOR PUBLIC WORKS**

Mr. Henry Latulippe (Compton): Mr. Speaker, I wish to direct another question to the Minister of Finance.

Can the minister inform the House whether he will exert due pressure on the Bank of Canada to obtain low interest loans with a view to financing public works since this measure could alleviate unemployment next winter?

[English]

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, in answer to this question, I think that the monetary policy followed by the Bank of Canada over the last number of months has indeed had the effect of lowering interest rates in Canada.

Mr. Speaker: Orders of the day.

GOVERNMENT ORDERS**OLD AGE SECURITY ACT****AMENDMENTS RESPECTING AMOUNT OF PENSION, MAXIMUM SUPPLEMENT AND ESCALATION THEREOF**

Hon. John C. Munro (Minister of National Health and Welfare) moved that Bill C-202, to amend the Old Age Security Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

● (3:40 p.m.)

He said: Mr. Speaker, The bill before us today is the first of several measures promised in the white paper on income security which I tabled in this House on Monday. As the white paper indicated, this legislation has to be introduced immediately to meet the various deadlines entailed in our proposal.

In the white paper, we served notice that we were going to put much less emphasis in future on the demogrant approach, which pays universal flat-rate benefits to everybody who meets certain age and residence requirements. We also indicated that we would be putting much greater emphasis on the guaranteed income approach to alleviating poverty in this country. Although we cannot at this time contemplate a guaranteed income program for all Canadians, in every age group, we can use the guaranteed income approach very effectively for certain groups in the population, especially those who are no longer in the labour force.

Four years ago this month, in December 1966, the guaranteed income supplement program for old age security recipients was approved by the members of this House. In January 1967, people who were 68 or older, and who had no other source of income, became eligible for a 40 per cent supplement to their old age security pension, that is, an extra \$30 a month. In the three succeeding

[Mr. Benson.]

years, the amount of this supplement rose slightly as the cost of living rose, and the whole benefit, old age security and guaranteed income supplement combined, became payable at earlier ages. Since January of this year, people who were 65 or older could receive as much as \$111.41, consisting of \$79.58 in old age security pension and \$31.83 in guaranteed income supplement.

This guaranteed income supplement program has proven very effective; 818,000 people, or almost half all old age security recipients, were drawing some supplement as of last June. By October this figure had reached 821,000. These people submit application forms each January stating what their family income has been in the previous calendar year. In this way we can be sure that the benefits are being paid to those who need them most, the aged people who have little or no other source of income. This program cost \$263 million in 1969-70, and during the current fiscal year it is expected to cost \$285 million.

There are two major features of this program which have made it so effective. One is the income test I have just mentioned. This is an impersonal test that does not involve any private investigation of one's living habits or spending habits. It is no more degrading than the income test that all taxpayers must undergo when they file their income tax returns. The second is the built-in incentive feature. The supplement is not cut back by a dollar for every dollar a person has from other sources. It is cut back by \$1 a month for each full \$2 a month one has from other sources. This leaves an incentive for older people who can augment their pensions by doing some work to do so. It leaves an incentive for younger people contemplating their retirement to save toward that day. At present a single person could have up to \$768 in other income, or \$1,722 including his old age security pension, before he would be ineligible for any supplement. A married couple could have up to \$1,536 in other income, or \$3,444 including their old age security pensions, before they would be ineligible for any supplement.

We believe this program has proven successful in dealing with the problems of the aged poor, although we concede that the amount of benefit is no longer adequate. We have, therefore, decided to extend the program to cover people who will reach age 65 after 1975. At present the supplement is only available to pensioners born on or before December 31, 1910. This bill will remove that restriction.

There will be a small number of persons born after 1910 who will be unable to benefit from the Canada Pension Plan, including those already disabled or widowed. There will also be a certain number of persons who will get a Canada Pension Plan retirement pension, but because of long periods of unemployment, underemployment or because of a lifetime spent at or near the minimum wage, that retirement pension will be very small. As the law now stands, a man who was disabled in 1965 or earlier, a woman widowed in 1967 or earlier, and a person with a very small retirement pension will, if they have little or no income, be eligible for a guaranteed income supplement if they reach age 65 before the end of 1975, but not if they reach 65 after January 1, 1976.