Old age security *(Continued from P. 2)*

the changes in the rules. The OAS target population is composed of current and former residents of Canada. Within this group, those under the age of 25 when Bill C-35 becomes law and who have 40 years ahead of them to build up their entitlement to a forty-fortieths pensions will be governed by the new rules.

A choice of rules

Current or former residents of Canada who are 25 and over when Bill C-35 comes into force will have the choice of the most beneficial set of rules when they apply for their OAS pension at age 65. Thus, no one – absolutely no one – who has some claim to an OAS entitlement by virtue of current or former residence in Canada will be deprived of the opportunity to earn a full pension. For the purposes of the act, current residents include those holding a valid immigrant visa when the amendments become law. They, too, could choose whichever set of rules is more advantageous to their particular circumstances.

It should be noted, as well, that receipt of a partial OAS pension will give access to the income-tested guaranteed income supplement, as the full pension currently does, and will be adjusted quarterly to the consumer price index, as is the case for the full pension now. Similarly, the younger spouse of an OAS pensioner will continue to be entitled to consideration for the spouses' allowance benefits; the OAS equivalent portion of such benefits will be calculated in the same manner as the OAS pension itself.

People who have never resided in Canada and who do not hold an immigrant visa will henceforth be governed by the new rules and earn their pension a year at a time, as will every other legal resident of Canada. Others – current and former residents of Canada – may qualify for pensions under the new law, while they have no entitlement at all under current legislation, or can receive a partial pension earlier than they could have received a full one.

Finally, Mr. Speaker, I should like to comment on other features of the amending legislation. Bill C-35 also includes an amendment which will exempt family allowance benefits as income for the purpose of calculating entitlement to Guaranteed Income Supplement (GIS) and spouse's allowances.

When the GIS program was developed in 1966, family allowances were not taxable; consequently, they were not considered part of a GIS applicant's income and had no effect on the amount of the supplement payable. However, when family allowances became taxable in 1974, the benefits automatically counted as part of one's income in calculating eligibility for GIS. Henceforth, family allowances will not be counted as income for calculation of benefits under the GIS or the spouses' allowance programs. Approximately 10,000 pensioners, it is estimated, will benefit from this change.

A number of other amendments have been introduced in the bill to facilitate the proper administration of the program and to prevent abuse of the legislation originally passed by Parliament. As an example, the amending legislation will prevent the payment abroad, for more than six months, of OAS benefits to persons who have ceased to reside in Canada and who do not meet the 20-year export rule. Technically, such persons can now defeat the 20-year rule for export of the pension by returning to Canada for one day every six months. Bill C-35 corrects this situation.

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Let me emphasize that we have taken great care in the phasing in of the new residence requirements. No one in receipt of a pension will have that pension reduced. People under 25, who have 40 years ahead of them before retirement, will have the opportunity to qualify for a 40/40ths pension under the new rules.

Those 25 and over, current or former residents of Canada, will be able to claim their pension at age 65 under the most beneficial set of rules. Current residents, for this purpose, include people holding immigrant visas when the act is enforced.

Older immigrants to our country will earn their pension one year at a time, as will every other resident of Canada.

Pensions (partial and full) will be adjusted quarterly in line with increases in the consumer price index. Partial pensioners will be able to receive the full guaranteed income supplement, if their other income is low enough to qualify them for this. And in the small proportion of cases where there may still be a deficiency in income to meet basic living requirements, the individuals concerned will have access to the income support programs administered by provincial governments and funded jointly by the provinces and the Federal Government.

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News briefs

- All Canada's chartered banks reduced their prime rate to 8.75 per cent from 9.25 per cent effective February 1. This follows a half-percentage point reduction by the federal Bank of Canada in its bank rate to 8 per cent.
- The Federal Government introduced legislation on February 7 to put into effect new cost-sharing arrangements worked out last December with the provinces for health and post-secondary education programs. It would replace the Fiscal Arrangements Act, a five-year statute that governs shared-cost programs between Ottawa and the ten provinces, which expires March 31. Prime Minister Trudeau and the provincial premiers agreed last December to turn over more tax-raising power to the provinces along with a system of cash payments in return for the provinces taking over more responsibility for the programs.
- The number of United States residents visiting Canada in 1976 dropped by 6.8 per cent from 1975 totals to 32.2 million. Canadian tourism spokemen have said the decrease was partly because Americans stayed home during their bicentennial celebrations. Residents of overseas countries visiting Canada rose to 1.6 million, an increase of 18.8 per cent, largely owing to the Montreal Olympic Games.

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