

*Proceedings on Adjournment Motion*

**Mr. Deputy Speaker:** I am sorry, but at this time, a question of privilege cannot be raised. A member is allowed seven minutes to put his question and three minutes are allowed for the answer.

**Mr. Grégoire:** It is sheer hypocrisy on the part of the government.

[English]

**Mr. Deputy Speaker:** The hon. member for Winnipeg North Centre (Mr. Knowles).

OLD AGE SECURITY—INCREASED TAXATION TO COMPENSATE FOR HIGHER PENSION

**Mr. Stanley Knowles (Winnipeg North Centre):** Mr. Speaker, on the orders of the day this afternoon I asked the Prime Minister (Mr. Pearson) whether the government would reconsider its announced intention to increase taxation to cover the proposed increase in the old age security pension. I put this question to the Prime Minister on the basis of information given to the house yesterday in response to a starred question of mine which shows that during the time the present government has been in power it has collected for old age pension purposes, by way of earmarked taxes, a sum considerably in excess of the amount that has been paid out in pensions under the Old Age Security Act during the same period.

This information is found in yesterday's *Hansard* at pages 9951 and 9952. As a matter of fact there is more information there than I asked for, but the two figures that I wanted are clearly on the record. I asked in particular for the total amount of money collected from April 1, 1963, to the end of August, 1966—that is, for the first three and a half years that the present government has been in power—under the various old age security taxes for old age security purposes. I also asked for the amount paid out in old age security pensions during the same period. I said the period covered was three and a half years, Mr. Speaker, but actually it was three years and five months.

The figures are as follows: The total amount collected in earmarked taxes during this three years and five months period was \$3,407,344,696. The total amount paid out in old age security pensions during the same period was \$3,040,020,753.48. This means that the amount overcollected, the amount overtaxed, the amount contributed by the people of Canada for old age pensions during that period was \$367,323,942.52 in excess of the amount paid out in old age security pensions during that same period of time.

[Mr. Grégoire.]

• (10:30 p.m.)

These are figures with many digits in them and they include dollars and cents. May I boil them down to the simple proposition that \$367 million more has been collected during three and a half years than has been paid out in old age security pensions. Hence my question to the Prime Minister: Why talk now about raising additional taxes to pay the proposed increase, notice of which is now on our order paper?

When the Minister of National Health and Welfare (Mr. MacEachen) announced on July 14 the proposed increase he said that in the first year of operation it would cost \$225 million. In that case why do we have to collect extra taxes to pay in the first year \$225 million when this government has in the time that it has been in office, collected \$367 million of a surplus for this very purpose? It makes me feel that the old age pension increase is being used as an excuse for increasing taxation, and I think this is most unfair.

Lest there be any doubt about the purpose of the tax increase, the Minister of Finance (Mr. Sharp), in reply to a question of mine put to him on November 4 as recorded on page 9544 of *Hansard*, said that the so-called baby budget would be related to the approval by the house of legislation with respect to pensions because this will be the principal reason for bringing down a budget. I submit that the reason for increasing taxes at this time cannot be attributed to the increase in old age pensions when the proposal is for a program that will cost \$225 million in the first year and this government has collected in the last three and a half years, for this very purpose, a surplus of \$367 million.

I may be told that the amounts that we are paying out are rising as the eligible age is brought down. I may be told that some time from now, a year or two, or maybe three, it will be necessary to raise more money. But why not wait until that time? This is a pay-as-you-go plan. Why collect taxes in this fiscal year that are not necessary in view of this huge surplus that the government has collected? I remind the government that part of the reason that this surplus is so huge is that this government increased one of the old age security taxes during the first year in which it came to office. When the pension was raised from \$65 to \$75 in 1963 it raised the 3 per cent personal tax for old age security to 4 per cent. It is now obvious that this was not necessary.

One of the reasons which justifies the taxation of everyone for old age pensions on an