

Canada and the Department of National Revenue use different definitions of income. Statistics Canada includes income received from such sources as Family Allowances and Unemployment Insurance benefits, whereas the Department of National Revenue does not. Further, Statistics Canada data are analyzed in terms of economic family units, whereas National Revenue bases its calculations on individuals with allowances made for dependents. Nevertheless, estimates are possible from data published by the Department of National Revenue for the tax year 1967, which includes a breakdown of all returns by marital status, dependents, and income. By applying the appropriate Senate Committee poverty line incomes to this data, it was estimated that about \$88 million was paid in 1967 in personal income taxes by those below their respective poverty lines.

Finally, allowance was made for one other major cost factor. As the proposed G.A.I. is to be federally sponsored, the Federal Government would "pick up" that portion of social assistance benefits presently paid for by the provinces. These payments are now financed under the cost-sharing arrangements of the Canada Assistance Plan, under which the federal and provincial governments share these costs on a fifty-fifty basis. During the calendar year 1967, about \$340 million was expended on assistance payments by both levels of government. Thus, for the Federal Government to have assumed the provincial share would have involved a cost of about \$170 million.

In summary, Table 41 shows the estimated net cost to the Federal Government of the 70-70 G.A.I. program for 1967.

TABLE 41

Estimated net cost to Federal Government of the proposed G.A.I. program, calendar year 1967

Factors	Amount
	(\$ millions)
Costs:	
G.A.I. transfers.....	1,185
Tax exemptions.....	88
Provincial share of C.A.P.....	170
	1,433
Savings:	
Family and youth allowances and Old Age Security.....	788
Net cost:	
Costs - savings = \$1,433 - \$788 = \$645 (million)	

SOURCE: Staff Study.