

and now, at the end of the fiscal year 1958, \$104 million—really does not represent as disastrous a situation as is often pictured. Do you concur in that, Mr. Sellar?

Mr. SELLAR: Well, sir—

Mr. DRYSDALE: "Yes" or "No".

Mr. WALKER: That is a four-and-a-half minute question.

Mr. SELLAR: The big difference between the past and the present, Mr. Martin, is that the legislation of a few years ago set up a scheme based on the principle that it would be a self-supporting scheme and would be treated as independent of the ordinary accounts of government. That is why you have the appearance of a deficit.

You mentioned a while ago that they spent \$100 million under the old scheme. Last year they spent \$473 million. Both, in my humble opinion, are expenditures of the government of Canada. But, to preserve the idea of a contributory scheme, we have set up a special account, and the government makes loans to finance that account whenever it falls short.

The rate of payments has gone up. The number of new beneficiaries or pensioners is approximating 30,000 a year; and when we have good years, we very nearly match. Two years ago we very nearly matched. We have not had such good times lately, and we are in the red.

Hon. Mr. MARTIN (*Essex East*): You say "two years ago". What was the deficit two years ago—about \$7 million?

Mr. SELLAR: About \$7 million.

The CHAIRMAN: Would you just explain to the committee, Mr. Sellar, what taxes are provided to make up this fund at the present time?

Mr. SELLAR: There are three taxes. They are all imposed by the Old Age Security Act. There is a 2 per cent sales tax. That is the same basis as is authorized by the excise tax schedule. Then individuals pay the lesser of 2 per cent of their income tax or \$60, while corporations pay 2 per cent of their taxable earnings.

The CHAIRMAN: Which provinces have the largest increase? Have you those figures?

Mr. SELLAR: Of course, there are far more in Ontario than any other province. Last year there were 301,000 recipients in Ontario. The next province was Quebec, with 174,000; then British Columbia with 104,000.

The CHAIRMAN: Did I understand you to say that the rate has been substantially increased?

Mr. SELLAR: Oh, yes. It has gone from \$40 to \$55.

Hon. Mr. MARTIN (*Essex East*): I see in paragraph 26, the second sentence, "When the Old Age Security Act was enacted in 1951, an aim was to create a self-supporting fund to be fed by proceeds of taxes imposed by the Act".

I presume you mean there, that was the aim of the government, because I suggest to you, with great respect, it was not the aim of the all-parliamentary committee.

Mr. SELLAR: I am just going by reading the act, sir. That is all I am going by.

Hon. Mr. MARTIN (*Essex East*): Yes.

Mr. SELLAR: It says there shall be established a special account. There shall be credited to this certain proceeds; there shall be charged to it all expenditures—and if there is any deficit, the minister shall make a loan to it. That is what I mean.