

deductions from the allowance, by mortgages taken in the interests of the Crown and that judgments or executions are kept up to date in order to effect recovery of overpayments.

Nevertheless the comments of the Committee on taking a stiffer line on wrongdoers will receive full consideration during which all factors will be taken into account."

- (b) "This recommendation, dealing with the policy of not considering mortgages receivable from the sale of a residence as personal property or as marketable securities, has also received my consideration. I have noted from the evidence given before your Committee that by treating mortgage receivable payments from the sale of a residence, as income, it is more economical in the long run. If a recipient or applicant were forced to discount his mortgage receivable, he would in time be able to come on the allowance at the full rate. Also, where the mortgage receivable payments are not large, the widow of a recipient would suffer financial distress until such time as she could discount her mortgage to get funds for maintenance. The War Veterans Allowance Board does assess a reasonable return when the terms of the mortgage are unrealistic.

I am also impressed by the fact that the Regulations under the three benefit Acts of the Department of National Health and Welfare deal with mortgage receivable payments in a manner similar to that followed by the Board at the present time. I refer to the regulations under the Old Age Assistance Act, the Blind Persons Act and the Disabled Persons Act.

In the light of the above comments I do not consider that the present Board policy should be changed as it has proven to be, over the years, an eminently satisfactory approach."

- (c) "If this proposal were complied with it would, in the opinion of the Director of Legal Services and the Department of Justice, require an amendment to the War Veterans Allowance Act.

Cases where a dependent child is in receipt of assessable income are very rare. Bequests to children are almost invariably payable only after age 21, and such income as a child is permitted by law to earn constitutes very limited personal funds. Even though it were possible to ascertain these amounts, they would be exempt as casual earnings.

A liberal exemption in the amount of \$950 of the earnings of a dependent child, is exempted for a wage earner under the Income Tax Act. In the case of a war veterans allowance recipient, his income is limited to his ceiling.

Because of these reasons, I do not feel that any change should be made arising from this recommendation."

The Minister concluded his letter as follows:

In considering these three recommendations made by the Committee, I have given some weight to the fact that the War Veterans Allowance