

*The Budget—Hon. D. M. Fleming*

disbursements amounted in all to \$945 million. To meet these outlays \$942 million was available from the repayment of loans, net annuity insurance and pension receipts and other sources. Thus a net amount of \$3 million was required for all these non-budgetary transactions. This compares with a net cash requirement of \$664 million to finance our non-budgetary transactions in the previous fiscal year.

The budgetary deficit of \$406 million and the net amount of \$3 million required for non-budgetary transactions have been financed by an increase of \$333 million in the government's outstanding unmatured debt and by a decrease of \$76 million in our cash balances. Combining the net new issues of C.N.R. guaranteed bonds, the net new issues of direct government of Canada bonds and the reduction in our year-end cash balances, our total net cash requirements for the year have turned out to be \$900 million.

#### OLD AGE SECURITY

At this point I should like to report briefly on the old age security fund. As hon. members know, the Old Age Security Act provides a

pension of \$55 a month to every eligible person 70 years of age or over. Prior to last year these payments were financed by contributions of 2 per cent on corporate and personal incomes, with a maximum contribution of \$60 on personal incomes, and a 2 per cent sales tax. Under last year's budget, these contributions were raised from 2 to 3 per cent to take effect January 1, 1959, for corporate incomes; July 1, 1959, for personal incomes, with a maximum contribution of \$90, and April 10, 1959, for the tax on sales.

During 1959-60, pension payments from the fund totalled \$574 million and revenues credited to the fund amounted to \$550 million. The deficit of \$24 million for the fiscal year was covered by a temporary loan.

May I insert in *Hansard* at this point, Mr. Speaker, table 1—showing the contributions and pension payments under the Old Age Security Act for the last four years.

**Mr. Speaker:** Has the minister leave to have this table inserted at this time?

**Some hon. Members:** Agreed.

[*Editor's note: The table referred to is as follows:*]

TABLE 1  
OLD AGE SECURITY FUND  
(in millions of dollars)

	1956-57	1957-58	1958-59	1959-60
Contributions—				
Personal income tax.....	125.0	135.0	146.4	185.6
Corporate income tax.....	67.3	60.7	55.3	91.3
Sales tax.....	179.3	175.8	173.6	273.0
	371.6	371.5	375.3	549.9
Pension payments.....	379.1	473.9	559.3	574.0
Deficit.....	7.5 <sup>(1)</sup>	102.4 <sup>(1)</sup>	184.0 <sup>(1)</sup>	24.1 <sup>(2)</sup>

<sup>(1)</sup> Charged to budgetary expenditure under appropriation by Parliament.

<sup>(2)</sup> Temporary loan from the Minister of Finance.

#### DOMINION—PROVINCIAL RELATIONS

(Translation):

**Mr. Fleming (Eglinton):** During the past year there have been important developments in our financial relations with the provinces. On July 6 and 7, 1959, the newly created dominion-provincial committee of ministers of finance and provincial treasurers met in Ottawa to discuss a wide range of subjects connected with these financial arrangements and to make provision for their systematic study. This committee met again in Ottawa on October 15 and 16 for further discussions. At the October meeting I

informed the provincial treasurers and ministers of finance that it was the intention of the government to ask parliament at this session to approve legislation continuing for a further two years the increase from 10 per cent to 13 per cent in the provincial share of the yield from the personal income tax.

As hon. members are aware, this legislation is at present before the house. This measure also contains important provisions relating to university education and federal-provincial co-operation. A solution has been offered which takes into account the