

Supply—Health and Welfare

One might suppose there had been sufficient experience on which to base a recommendation for changes. On the other hand, I would think that five years is not so very long that one would feel the government was quite justified in saying what the complaints were before they did choose to make recommendations. However, I am quite certain that in a great many minds the two questions raised by my hon. friend are present; that is, the question of the residence rule and the question of the rule applying to people who qualify in Canada for the old age security payments and then leave Canada for one reason or another and find that at a certain period of time they may not be able to draw the payments. But as this is an item for the current fiscal year and does not pretend to project itself beyond March 31 I suggest that I would not be in a position to make any statement about policy. Rather I would leave that to the minister if he chooses to do so at any future time.

Mr. Knowles: Mr. Chairman, may I say just a word. I certainly hope it will not be long before the consideration that has often been promised on these two points will result in something being done. I remind the Minister of Finance that this year both these questions have been raised and to both of them the answer given, in one instance by the parliamentary assistant to the Minister of National Health and Welfare and in the other instance by the Prime Minister, was that the matters are under consideration. It is something about which there is considerable feeling in the country, particularly in view of reciprocal arrangements in some other parts of the world. I hope the day will soon come when people who have come to this country and who have become citizens may be able to qualify in something less than 20 years. I also hope the day will come when Canadians who have qualified for the pension and are required to move elsewhere, sometimes because of health, or who simply wish to move elsewhere because their families have done so, might be able to continue to draw the pension. It seems to me this is one of the little improvements, along with some of the major ones, that need to be made in our old age pension legislation.

However, as the minister pointed out, the item before us deals simply with a bookkeeping deficit in the current year, and he has suggested that we leave matters of policy to another occasion which I hope soon will be with us. But I would like to say a word about this matter of an apparent bookkeeping deficit. On two or three occasions, by means of questions on the order paper, I have tried to get information which I think ought to be available, and I urge the minister to give some thought to it.

As he knows, the only items of revenue that are credited in the books to the old age security fund are the three 2 per cent taxes. I refer to the 2 per cent tax on personal incomes up to a maximum of \$3,000; the 2 per cent tax on corporation income, and the 2 per cent tax that is built into the sales tax. But I suggest that there is another source of income which should be credited to the old age security fund. I refer to the amount of income tax that is paid by people whose taxable income is increased by virtue of the receipt of old age security.

I have no way of knowing or even guessing at how much of the money paid out in old age security becomes taxable income, but I will draw this to the minister's attention. I shall use the round figure of \$400 million. We have not reached that yet but we are close to it as the amount we pay out under the Old Age Security Act. If only 10 per cent of that amount became taxable income in the hands of the recipients, and if it were taxable only at the lowest rate of 15 per cent, you would have the \$6 million right there. If more than 10 per cent of this money becomes taxable income—and some of it certainly gets into the hands of persons who pay at a much higher rate—it becomes obvious, I think, that the government is receiving back out of old age security payments a sum of money which certainly would be equal to this deficit.

I said a moment ago I did not feel competent even to guess at the amount, but I will go out on a limb and make the guess that the figure that is received back in terms of extra income tax is much greater than the amount of the deficit this year, and is probably greater than the deficits that have been incurred in the years gone by. I know the minister will not be in a position to answer my question now as to how much money is received in that way, because the Minister of National Revenue has already told me, in answer to questions on the order paper, that there is no separate bookkeeping of that kind. But it does seem to me that if the Minister of Finance is going to report from year to year on the bookkeeping deficit in the old age security fund he should get a complete picture, even if this other item has to be something of an estimate. I am suggesting that if this fourth item were estimated and added to the other three we would find that there is not even a bookkeeping deficit so far as old age security is concerned.

The moral I would draw from that is obvious. If it is not, I will state it on another occasion.

Mr. Herridge: Very briefly I want to support all that has been said in this respect