

I have been in the habit of employing two or three men in receipt of war veterans allowance say, up to 12 weeks during the summer, but I pay them at the rate of \$50 a month all during the year. Say, if they earned \$600, I gave them \$50 a month throughout the year. Is that legal?

Mr. GARNEAU: Yes.

The CHAIRMAN: Does that answer your question?
Have your questions been answered, Mr. Carter?

Mr. CARTER: Yes.

The CHAIRMAN: We will proceed to No. 6, at page 7—interest on stocks, and so on.

Mr. BENEDICKSON: Mr. Chairman, this was the item on which I was speaking prematurely.

I will give the committee an illustration—and I think they will see this has considerable merit under the new conditions of income that can be available from this form of personal property. I take it, the last time we amended this act was in 1957. Well, after that—or, supposing in 1957, one of our war veterans allowance recipients owned a federal 3 per cent victory loan bond. That bond was bearing interest at 3 per cent. He was asked to convert that in the summer of 1958 to a new bond, which would increase that income, automatically, by 50 per cent, and would bring him in, instead of 3 per cent or \$30 a year, \$45.

I know a veteran who converted, at the request of the government and, instead of receiving \$30 a year interest, he received \$45. Now, he had not actually received the money but somehow or other the inspectors of the veterans allowance board had noted his name as a person who had transferred from one bond to the other—and I am sure that a couple of hundred dollars has been spent chasing up this transaction, with the correspondence the minister and I have had, and a trip from the district office down to investigate the matter; that is, from Winnipeg to Dryden. An amount of approximately \$200 has been spent because the department decided to start taking the difference between the \$30 and the \$45 several months before the interest cheque had actually come into the hands of the veteran—and that is why he raised Cain. It was a point of principle with him. But, it is obvious that even government rates were put up 50 per cent in that period, and you can see all the additional accounting that will develop in consequence, even on a \$1,000 bond.

Mr. PUGH: In connection with this, it would seem to me that the initial amount of \$25 per year on interest is ridiculous; it would seem to me now, with the application linked up with \$50, it is ridiculous.

Mr. BENEDICKSON: It is still inadequate.

Mr. PUGH: I would like to know from someone, Mr. Chairman, if they could let us know the basis of this restriction.

The CHAIRMAN: Would you make a comment on that, Colonel Garneau?

Mr. GARNEAU: Mr. Chairman, as far as I can remember, this was introduced in the legislation during the second world war, when the government was encouraging the purchase of war bonds, and war saving certificates and so forth and, although I was not with the board at that time, I believe that behind the thought was the fact that we exempted the personal property or liquid assets of the veteran to \$800, or \$1,000 at that time, and it was felt that the average return on that money would be about \$25 at 2½ per cent or so.

Mr. BENEDICKSON: You really had in mind bank interest.

Mr. PUGH: If I may interrupt, you see, \$1,000 at 2½ per cent, produces \$25.

Mr. GARNEAU: Right.