

Senator Flynn: Then the next adjustment will take place for January, 1974, and will take into account the increase from July 31 to when?

Hon. Mr. Lalonde: To the end of October. You always go back two months before the increase to see the period that it covers.

Senator Flynn: You mentioned that the cheques were already being printed.

Hon. Mr. Lalonde: The calculations are being made; the cheques are not being printed. I am advised that the printing of cheques will start at the end of September or early October, but the calculations have to be made for 1,800,000 cheques. On 700,000 or 800,000 it is pretty easy, because these are basic payments, but additional adjustments have to be made to all of the GIS payments, and this represents another 1.1 million cheques.

Senator Flynn: When are the cheques sent out?

Hon. Mr. Lalonde: For delivery on the third-last banking day of every month.

Senator Flynn: So the new amounts will be posted in the third week of October.

Hon. Mr. Lalonde: They will be posted a little before that. We want to make sure they can be cashed in the third week.

Senator Flynn: When we passed the amendment last spring to the Old Age Security Act, to provide for a pension of \$100 a month, I think the bill received royal assent on April 5, but it was in fact retroactive to April 1. If my memory serves me right, the cheques were sent in time on that occasion, and there was no delay in receipt by pensioners of their cheques.

Hon. Mr. Lalonde: We can check this matter, but I am advised by my officials that the adjustments were not ready to be included in the cheques in April.

Senator Flynn: The cheques for April included the increase provided in the amendment?

Hon. Mr. Lalonde: My officials advise me that they are not sure. I am told that their best recollection at the present time is that it was included in an adjustment made in May rather than in April. You might be right on this; I would not quarrel with that. We can find out, if you wish.

Senator Flynn: Would you let me know by letter if it is otherwise?

Hon. Mr. Lalonde: We will try to let you know before the end of this meeting.

Senator Flynn: Do I understand that the amount which will be distributed for the remainder of the year, or until the date when there will be an adjustment under the legislation as it stands now, is \$95 million?

Hon. Mr. Lalonde: I said that the additional amount being paid to senior citizens, because of quarterly adjustments between now and the end of the fiscal year, will be between \$90 million and \$95 million.

Senator Flynn: The adjustment will have been made only at the end of the fiscal year?

Hon. Mr. Lalonde: At the end of the fiscal year.

Senator Flynn: For April of next year?

Hon. Mr. Lalonde: For April of next year, and will have gone back only to October of this year. In April, 1974 we will have paid on the basis of the increase in the cost of living from October, 1972 to October, 1973 over October, 1971 to October, 1972, the year previous, so not only are we having the quarterly adjustment, but we are also gaining a good four months in terms of advancing the payments to senior citizens.

Senator Flynn: When you decide the amount of an increase like that, do you calculate the amount the government may receive by way of additional income tax?

Hon. Mr. Lalonde: The \$90 million to \$95 million is a net figure after income tax receipt.

Senator Flynn: You mean this is additional only; this is not the amount paid out?

Hon. Mr. Lalonde: That is right.

Senator Flynn: Is the net amount the offset of the additional tax?

Hon. Mr. Lalonde: That is right. You must remember that GIS is exempt from taxation, to begin with.

Senator Flynn: Of course.

Hon. Mr. Lalonde: So you have only the OAS portion. The level of taxation for senior citizens, dut to higher exemptions and so on, is comparatively low.

Senator Flynn: This figure has always been given as not the net disbursement but the gross disbursement provided by the act.

Hon. Mr. Lalonde: I am advised that this is the net figure. Usually we calculate those figures in terms of net figures.

Senator Flynn: What would be the gross figure?

Hon. Mr. Lalonde: I do not have it with me. I will try to get the figure for you before the end of the meeting. Again, the amount of recovery in income tax is comparatively small, because it applies only on the basic rate, the \$100 at the present time.

Senator Flynn: Usually in the estimates this is a gross figure.

Hon. Mr. Lalonde: Yes, but we were asked how much more it would cost for this particular program, and we usually give it in net figures.

Senator Bourget: Are the calculations made in your department or in the Department of National Revenue?

Hon. Mr. Lalonde: The calculations are usually made in our department, but in consultation with National Revenue and the Department of Finance, obviously.

Senator Cameron: Is it not true that if the forecast of the International Monetary Fund released a couple of days ago is true it is very fortunate that this amendment is being made now?