

in whatever fashion it may be, with the natural resources of the province; they describe it as natural resources revenue. We are talking about the revenue; we are not talking about a natural resources tax.

I should point out now that the effect in this bill of changing the basis of equalization and comparing the per capita revenue of a province from standard taxes with the per capita income from standard taxes of the two top provinces, instead of with the national average, is to increase the equalization payments on a per capita basis to those provinces very substantially. For instance, in 1964-65 at the present rates of standard taxes, the estimated national average is \$42.61 per capita. That is the figure which is used under the 1961 arrangement and is still being used until this bill becomes law; and what the province gets is the difference between that and its own per capita in its own province. But by the change in this bill, where you go to the average of the two top provinces instead of the national average—the two top provinces being Ontario and British Columbia—the estimate there for 1964-65, at the present rates of standard taxes, should yield \$54.92 per capita. On that basis, by changing this method of calculation and reverting to the 1956 method, we are providing, for those provinces which earn equalization and become entitled to it, an additional amount which represents the difference between \$42.61 and \$54.92 per capita, and the dollars are calculated by multiplying the population by this amount of difference.

Hon. Mr. McCutcheon: Would my friend put a dollar figure on that?

Hon. Mr. Hayden: Yes, I think I could. The changes in the equalization—and this is exactly what I have been talking about—for 1964-65 will produce and will require the pay-out of, or will cost the federal treasury, \$55,300,000.

Hon. Mr. McCutcheon: That is for the current fiscal year?

Hon. Mr. Hayden: That is for the current fiscal year 1964-65. While I am at it, I might as well give the other item. The additional 25 per cent abatement on estate tax will cost \$32,170,000, less \$3,920,000, which would be \$28 million-odd. Therefore, the pay-out by the federal authority in the current year 1964-65, by reason of this change in the equalization formula and by reason of the 25 per cent increase in the abatement on estate tax, will be of the order of \$84 million to \$85 million.

Hon. Mr. McCutcheon: Would my honourable friend give me the third figure, which I think completes the picture?

Hon. Mr. Hayden: Which is that?

Hon. Mr. McCutcheon: What is the abatement on income tax, disregarding for the moment the special abatement for youth allowances which under the bill are supposed to be equalized?

Hon. Mr. Hayden: If my friend had noted, I was talking about the year 1964-65.

Hon. Mr. McCutcheon: I know, but I am thinking of those hidden things which are ahead of us.

Hon. Mr. Hayden: I can give my friend the same figures for 1965-66, which would reflect this additional abatement. That is where this full abatement goes on, and that is why I did not give it for this year—it had no application.

Hon. Mr. McCutcheon: It has some application in the future.

Hon. Mr. Hayden: That is for my friend to talk about. When he develops his argument, I will see what it means. In 1965-66 the same two changes that I discussed in relation to 1964-65—that is, the changes by reason of the change in the equalization and by reason of the additional 25 per cent abatement of estate tax—will require a pay-out by the federal authority, or an additional cost, of about \$102 million.

Now, the rate of abatement—the increase in that for 1965—will lessen the amount of income tax collected by the federal authority to the extent of about \$64,500,000. You will notice my distinction between what is a pay-out or a cost, and what is a lessening of the income to be received by the federal authority.

Hon. Mr. McCutcheon: At the bottom of the page, though, it all works out the same way.

Hon. Mr. Hayden: My friend can develop that. I do not know which page he is looking at, or which page he is talking about.

Hon. Mr. McCutcheon: Could you give me the figures for 1966-67?

Hon. Mr. Hayden: Yes. The changes in the first two brackets—that is, on equalization and on the 25 per cent estates tax—will result in a pay-out or cost of about \$121 million. The abatement—that is, the additional four points for 1966-67—will result in a lower income tax collection by the federal authority in that year of approximately \$139 million.

It might be advisable if this table to which I am referring were either appended to *Hansard* or attached to the remarks which I have made on it. If there is leave from the Senate, I would ask that this be done.

Some Hon. Senators: Agreed.

(The table follows)