

Dominion-Provincial Relations

has been printed, but whether it is proper that it should have been printed in one language and have been available to those who speak English while at the same time not being available in French to those who speak French. Had it not been available in either language it seems to me—

Mr. Speaker: Order. There has been very considerable discussion and I do think that the Chair has had the advantage of a great many opinions which have been highly interesting and useful. May I suggest that the whole matter be deferred until Monday and that we get on with the business before the house.

DOMINION-PROVINCIAL RELATIONS**TRANSFER TO PROVINCES OF FINANCIAL RESPONSIBILITY FOR SHARED PROGRAMS**

Hon. Walter L. Gordon (Minister of Finance) moved the second reading of Bill No. C-142, respecting the operation of certain established federal-provincial programs.

He said: Mr. Speaker, in opening the debate on second reading of this bill I think it might be useful to review briefly the approach the government has taken in this important field of shared cost and conditional grant programs.

Shared cost programs have been evolved over the years to meet a variety of specific needs such as the provision of basic welfare services, basic health services, requirements for economic development and, in some cases, problems which, although temporary or local, were beyond the capacity of local resources. This approach has occasioned a two fold benefit. The provinces obtained the financial assistance that was necessary to enable them to provide such services and at the same time it ensured a basic standard of services across Canada. The value of this approach in meeting these needs is evidenced by the number, scope and size of the current programs. In the current year such programs are expected to involve federal transfers to the provinces of more than \$900 million, a substantial measure of assistance to governments whose level of expenditures has been rising rapidly in recent years.

Nevertheless, we have now reached a point in our national development when we should take a searching look at these arrangements which have, in a sense, grown like Topsy over the past 20 years or so. There are several reasons for doing this. For ex-

ample, a good many of these programs, and certainly the largest of them, fall primarily within provincial jurisdiction, and perhaps that should be emphasized. Most of these programs fall within areas for which, in the normal course, the provinces are responsible. Second, one of the fundamental problems which gave rise to these programs—that of unequal fiscal capacity among the various provinces—has been overcome to a considerable extent by the present system of equalization payments. Third, certain programs, such as hospital insurance, blind persons and disabled persons allowances, are mature and well established, and it is inconceivable that they would be discontinued by any government. Finally, conditional fiscal transfers have reached such a magnitude that one must consider the wisdom of continuing to separate responsibility for administering and spending large sums of money from the responsibility of raising the revenues. In the light of these and other developments which I enumerated in my speech on the resolution the case for continued federal participation in established joint programs is not as strong as it used to be.

These are some of the factors which will have to be considered in the long range, co-operative study by federal and provincial governments which was launched last year. Pending the conclusion of these deliberations, it seems reasonable to provide for an interim or transitional arrangement.

The objectives which parliament is being asked to approve in this bill were set out in the Prime Minister's letter to the provincial premiers dated August 5, 1964. It is printed as an appendix to *Hansard* of September 10. In summary, the objectives described by the Prime Minister are these:

Under the interim arrangements, a province would maintain its present obligations in respect of programs from which it has contracted out.

In particular, the province would continue to provide the services under the program and furnish an accounting of expenditures to the federal government.

Compensation to a province which contracts out would take the form either of an equalized abatement of federal personal income tax subject to adjustment—I should like to emphasize that these are subject to adjustment at the end of the period—or of cash payments, depending on the nature and size of each program.

[Mr. Douglas.]