

Dominion-Provincial Relations

It cannot be claimed that certain provisions of this act constitute a delegation of power from the provincial governments to the federal government.

First, with regard to the province of Quebec, the federal government legislates on the basis of known facts. There is already in the statutes of that province a special act providing for special aid to the universities, the amount of which is equivalent to \$1.75 per capita of provincial population. On the other hand, the Quebec legislature, at its last session, passed an act amending the corporation tax legislation. The direct tax payable by corporations coming under this act now equals 10 per cent of their federal tax. As a result, those corporations are threatened with double taxation, because the deduction allowed by the central government has so far been equal to 9 per cent of the federal tax.

The central government has therefore decided to reduce the assessment of this group of taxpayers by an amount equivalent to the increase provided for by the amended provincial legislation. As far as the province of Quebec is concerned, it matters little whether the federal government legislates in one way or another, because, on the one hand, the provincial legislature had asserted its autonomy through the enactment of an item of legislation providing for more substantial grants to universities than are offered by the federal government under the St. Laurent formula, that is to say the equivalent of \$1.75 per capita of population in the province. On the other hand, Quebec universities have received the amounts that had been earmarked for them and have immediately handed them over to the provincial government. There remained for the federal government to provide machinery to stop the payment of any federal funds to Quebec universities, without at the same time punishing Quebec taxpayers.

The present legislation meets this need. The Quebec government is not a party to a federal-provincial agreement. It does not even have to consider such agreements. On the other hand, on the federal side, it was necessary to amend the legislation on tax arrangements between Canada and the provinces in such a way as to provide for a parallel deduction equal to the amounts set aside under the old system by the federal government for the Quebec universities. The only way to do that was to set up compensation machinery working in a parallel direction with the deductibility formula provided under chapter 29 of the 1956 statutes.

How, then, could the parallelism be established without ratifying, under the act, a pre-existing fact that it would be the Minister of Finance's responsibility to ascertain?

Second, as far as the other provinces are concerned, the act should leave any Canadian province free to use the system offered to Quebec. And to give satisfaction to any province wishing to let its universities collect the federal grants under the former system, a versatile formula had to be provided which did not cancel out the option offered to Quebec taxpayers. Finally since the method has to be such as to not interfere with the fiscal arrangements, since the federal government is bound by arrangements with nine of the ten Canadian provinces, this attitude had to be adopted. The Diefenbaker cabinet should therefore be congratulated for working out this realistic compromise.

Allow me to add in reply to the shabby comments made by the member for Laurier (Mr. Chevrier) against the Quebec ministers in the present government, that they are probably not as talkative and verbose as the hon. member, but that they are to be congratulated for their efficiency in settling the problems of Quebec honourably.

In my humble opinion, Mr. Speaker, there can be no question of a delegation of powers under this bill.

What are the basic requirements for a delegation of powers?

At least three conditions are necessary:

1. The existence of two sovereign governments.
2. The existence of a formal agreement between the two governments.
3. An assignment by one government to the other of a field of jurisdiction over which the former holds exclusive rights.

Now what are the facts?

In the first place, there is no formal agreement between the Quebec government and the federal government. On the other hand, there is no transfer, from one government to the other, of an exclusive field of jurisdiction, unless the member for Laurier and his fellow members of the opposition wish to claim that the federal government or the provinces have the exclusive jurisdiction in the field of direct taxation.

To maintain that Bill C-56 is unconstitutional because it provides for or implies a delegation of powers between the federal government and one or several provincial governments, amounts to saying that the federal-provincial fiscal agreements ratified by chapter 29 of the statutes of 1956 are