

Estate Tax

along the way. I have in mind particularly the present government's proposal to introduce a bill providing for the humane slaughter of animals and this bill dealing with estate tax. The intention of the government was announced during the last parliament and the government waited for public reaction to make itself felt and I feel that this is a particularly progressive move under our democratic system.

Mr. Benidickson: That is not new. What about the Criminal Code and other big measures?

Mr. Regier: I am not saying the former government never did this, but in the main its attitude was that it had all the answers and the general public had to depend for its salvation on the wisdom of the boys in the back room. I hope in the years ahead we will see the adoption of similar procedures in many other measures.

I noted with appreciation the answer of the minister to the hon. member for Assiniboia. Unless I misunderstood the minister the provincial revenues have to pay a part of the \$7 million loss of revenue which the federal government anticipates. In other words, the amount of money available to the provinces under the tax rental sharing agreements will be slightly reduced. I wonder if the government is able to inform us as to approximately how much of the anticipated \$7 decline in revenue will have to be borne by the provinces in the form of reduced payments to them and, if he has the information available, I would like a breakdown by provinces. The actual breakdown could be left for the meeting of the banking and commerce committee. However, out of the \$7 million, is the minister able to indicate how large a burden will be borne by the provinces?

Mr. Fleming (Eglinton): Not precisely. The figure of \$7 million is an estimate. The Federal-Provincial Tax-Sharing Arrangements Act provides for the sharing of the yield from the succession duty on the basis of 50 per cent going to the province concerned. My hon. friend will recall there is a different situation respecting the provinces of Ontario and Quebec, which provinces still collect their own succession duty and, so far as we know, will continue to do so. I am afraid it is not possible, therefore, to give to my hon. friend anything which could purport to be an accurate estimate and I am certainly not in a position to do so at the present time.

Mr. Regier: It is about half?

Mr. Fleming (Eglinton): That fifty per cent would apply with respect to the eight provinces, but I would have to have more information concerning the present figures on

the accruals in Ontario and Quebec and the effect of the deductions permitted under the present succession duty act before attempting to make a comparison or to carry the figures further than I have already done.

Mr. Argue: I think the statement of the minister that part of the \$7 million will be an expense to the provinces, because of action taken by the federal government, is a very disturbing one, and that it puts the provinces in a very difficult position to have a certain level of revenue assured to them at a time they sign a tax-sharing agreement and then to have that revenue reduced as a result of subsequent action by the federal government. I feel this is a very bad principle which if carried too far, would lead to a worsening of federal-provincial relations.

In my belief, the principle applying, as I understand it, under the act to income tax agreements, whereby if the federal government reduces income tax the revenue to the provinces is nevertheless guaranteed, is the right one. I have the acts in front of me and I am certainly in favour of the provision but this is a very bad practice and a very bad principle, I would think, where the federal government is taking an action—albeit a very popular action in the minds of the public—as a result of which the provinces bear half the cost. I would hope, therefore, that in the future in agreements with respect to the sharing of taxes the provinces' income will be assured and if the federal government decides, on its own volition, to reduce the general level of taxes that there would be taken subsequent federal action to maintain the revenues of the provinces. I think this is a very reasonable suggestion because of the well-known fact that the federal government collects the bulk of the taxation revenue in this country. I believe it is something like 70 cents out of each taxation dollar.

We shall have something further to say on this point when the minister has more detailed information but I might say to him that, as far as the result of this move is concerned, we feel it is a very serious matter and that steps should be taken to maintain the revenues of the provincial governments, particularly at a time when there is a general economic recession and provincial revenues, in some cases at any rate, are likely to fall very considerably.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member has, I think, completely overlooked the fact that the stabilization principle, as written into the Federal-Provincial Tax-Sharing Arrangements Act, applies to the yield from succession duty as well as personal income tax and corporation tax. In the