

5. ACCEPTABILITY TO THE PROVINCES

3.39 It is obvious from the reaction of certain provincial governments, such as Alberta, British Columbia, Ontario and Saskatchewan, that they consider the White Paper proposals to be unacceptable. If the system proposed in the White Paper is rejected by these provinces, and perhaps also by others, we must have serious doubts whether the present proposals, which are not adopted by all of the provinces, can successfully be put into effect. Apart from the increased tax collection costs and the additional administrative problems that would result from differing federal and provincial tax systems, there can be little doubt that the taxpayer would be the victim of the inequities that must inevitably follow from such a multilateral tax structure.

3.40 The growing proportion of national tax revenue and expenditure responsibilities assumed by the provinces in recent years is clear evidence of the necessity for federal-provincial unity in the approach to tax reform. The direct administration of social welfare programs such as education, health, housing and transportation are primarily provincial functions and, in the Association's view, much of the direct responsibility for levying any increased tax revenues to meet these needs must be in the hands of each province. As concerned observers of federal-provincial relations, we view with misgivings the federal Government's tendency to promote social policies in areas of provincial concern, albeit with assurances of financial support from the federal Government.