

*Federal-Provincial Conference**[Translation]*

The third agenda item concerned the report of the federal-provincial Tax Structure Committee. This report reviews fiscal trends and projections for all governments in Canada up to the year 1971-72, and analyses a range of problems having to do with the major federal-provincial joint programs in health, welfare and education. The report assembles a good deal of important material relating to both of these questions, and I am very pleased that the Conference agreed that it should be made available to the public. Now, Mr. Speaker, I would like to table the report in both languages.

According to the report, the revenue-expenditure projections indicate a continuing surplus for the federal government but an increasing deficit at the provincial-municipal level. Much of this deficit problem can be traced to the very rapid rates of increase in the costs of the point programs. However, it is emphasized that there are statistical projections based upon certain assumptions about budget policy.

They should not be interpreted as forecasts of government budgets. Indeed, several provinces have made clear that they intend to make every effort to balance their budgets, or to reduce the deficits projected, in line with the overall objective of containing inflationary pressures.

There was, of course, a strong suggestion that the federal government should transfer fiscal resources to the provinces to help them with their financial problems. But I think it was realistically accepted that the federal government cannot reduce its taxes in favour of the provinces, spend more to meet many worthy needs, and achieve an anti-inflationary budget surplus all at one and the same time. The provinces have responsible administrations and recognize the realities which all government must face.

Nevertheless, conditions do change, and I indicated that when we are successful in getting inflation under control, secure their co-operation in holding down the costs of joint programs, and complete the reform of the income tax, we will be able to look carefully at the problem of adjusting fiscal resources between levels of government. The ministers of finance and provincial treasurers will keep this question under continuing review.

[English]

The outcome of the recent Price Stability Conference organized by the Prices and Incomes Commission was reviewed, and I am

[Mr. Trudeau.]

happy to say that all participating governments endorsed the voluntary system of price restraints drawn up by that conference and the basic principle designed to limit any increases in prices by private business to something clearly less than their increases in costs. May I make clear at this point that the federal government for its part supports that price restraint scheme as a valuable contribution to the national effort to control inflation, and will be prepared as the program goes forward to do what it can to ensure that it is successful. In addition to the result of the conference with business leaders, there has also been made public the list of "Tentative Proposals" which the Prices and Incomes Commission has put to governments. Broadly speaking, we agree with those suggestions, although I should point out that some of them are of limited application within the federal jurisdiction. While it is of course for the provincial governments individually to declare their own positions on specific aspects of these proposals, and the action they plan to take in relation to them, the consensus of the conference as contained in the communiqué makes clear the very general support which they have received.

I need not enlarge now on our determination to restrain federal expenditure, on which our intentions were put to the House when the estimates were tabled last week. Nor would it be appropriate for me at this time to discuss the government's taxing plans, which will be made known shortly. I should, however, add something about our intentions with regard to goods and services supplied to the public by the government itself or by agencies under its direct control. Some of these activities are essentially commercial in nature—the operations of Air Canada and Polymer Corporation are examples—and for these we propose that they should be subject to the guidelines established for private business. In other words, any price increases by these enterprises during the coming year should meet the criterion that they are clearly less than what would be required to cover unavoidable cost increases.

There is in addition a wide range of federal services, not of a direct commercial nature, for which fees or charges are applied. Here I should explain that we had earlier accepted the principle, and continue to hold to it, that the charges levied for such services should be designed to recover from the users the cost of providing them. In accordance with this principle we had planned to introduce a number