

Federal-Provincial Relations

altogether whereby authority was given to crown corporations to pay these sales taxes. If this was unfair or if hon. members had felt that this legislation which was passed some time ago was unreasonable, I have no doubt that complaints would have been raised when the matter was before the house at that time.

That is the point of principle. Having agreed to the principle I presume that my hon. friend is only objecting now to making it retroactive to the time that the commitment was made. If I may say so, I do not believe that this is the appropriate time to raise the question of principle involved which was settled when the Crown Corporations (Provincial Taxes and Fees) Act was passed. That has been dealt with and we are done with it. All we are doing now is to provide authority to make comparable payments from the beginning of the time when the commitment was made.

Mr. Olson: Mr. Chairman, I want to take exception to what the Minister of Finance has just said and I would refer him to page 3239 of *Hansard* when the Crown Corporations (Provincial Taxes and Fees) Act was passed by the House of Commons. On that occasion I took very strong exception—

Mr. Gordon: On a point of order, Mr. Chairman, I am sure the hon. member for Medicine Hat did. In fact, I remember his doing it. However, despite his representations the house decided to approve the legislation and therefore I suggest with respect that the matter is not debatable again.

Mr. Olson: Mr. Chairman, at that time I asked some questions about what the government was going to do to equalize and be fair to those provinces that do not levy a sales tax. To put the matter in its proper context I think I should read part of the statement that the Minister of Finance made in the house on July 7 last. As found on page 5186 of *Hansard* he said at that time:

While it was thought wrong at this time to give retroactive effect to this legislation—

The legislation for the payment of these fees.

—the government does not want the provinces to lose financially—I am referring to the bill that was passed some weeks ago—

I presume that is the bill which was passed on May 13.

—from the fact that events over which they had no control intervened in such a way as to make it impossible to carry out the original intention. It was more than an intention; it was more or less a commitment. Consequently it is proposed that an estimate be made of the taxes that would have been paid had the legislation been in effect

[Mr. Gordon.]

from April 1, 1962 to March 31, 1964 and that such estimated amounts be paid to the provinces. It will come to about \$6 million in total for the two years in question.

I believe it was the parliamentary secretary who was answering for the minister on May 13 and at that time I asked him what the government was going to do about those provinces that do not levy sales taxes. I asked him if they were prepared to pay grants in lieu of such taxes on the basis of estimating the amount they would have received if they had had a sales tax in effect. I quote the question I asked at that time, as found on page 3239 of *Hansard*:

Has any consideration been given to making cash payments to those provinces which do not levy sales tax, in lieu of tax revenue from these corporations?

The answer of the then parliamentary secretary to the Minister of Finance, now Minister of National Revenue, was as follows:

No consideration has been given to this matter. It would be extremely difficult—

Note these words.

—to calculate how much revenue would have been realized had a sales tax been imposed—

Now the government turns a complete somersault. They said on May 13 that it would be extremely difficult to calculate the amount of tax to arrive at the amount of cash grant in lieu of such a tax, but now they come forward with clause 5 of Bill No. C-111 and say that they are going to make an estimate of the taxes that would have been paid had the legislation been in effect since April 1, 1962.

In almost every case where certain provinces have decided not to participate in the operation of some piece of federal legislation the federal government has made provision to grant them a cash payment in lieu of what the taxes might have been on the one hand, or on the other hand in other cases on the basis of how much it would have cost the federal government had the particular program been accepted and made operative in that province. We can refer, for example, to youth allowances. We can refer to the cost of loans to students. Payments are going to be made to any province that chooses to opt out and not participate with the federal government in the program. In those cases it is possible for the Minister of Finance and his department to calculate the amount of the cash grant in lieu of participation. Why is it not possible in this case where crown corporations are involved and an indirect tax out of the federal treasury? Why are