

Dominion-Provincial Relations

this new compromise, new formula, call it whatever you like, was acceptable to the province of Quebec?

Mr. Fleming (Eglinton): I think the hon. gentleman is still labouring under a misapprehension, or else he did not follow what I endeavoured to convey yesterday. I stressed yesterday that the premier of Quebec had made it quite clear that the provincial government already had a legislative program with respect to matters affecting education and grants for that purpose in Quebec, and taxes for that purpose. I referred in my remarks yesterday to the three measures which, with others, were then pending before the legislature of Quebec. I indicated what the premier had said, and his remark was in accord with the position that had been taken by the late Premier Sauve in his correspondence, that it was the intention of the Quebec government to proceed with that legislative program regardless of what course of action might be taken in this parliament in relation to the whole subject matter of federal grants to universities.

Mr. Bourget: That is quite correct; I think the minister is talking about the legislation that was passed in the local legislature. We are asking about the new formula that is embodied in the bill. I understood that this new formula was put in the bill to satisfy the province of Quebec. I believe we are entitled to know from the minister whether the province of Quebec approved of that formula as it is embodied in this bill. This question has nothing to do with the four or five bills that were passed in the local legislature.

I shall repeat my question. Has the premier of Quebec, Mr. Barrette, at any time, orally or in writing, accepted the formula as it now appears in Bill No. C-56?

Mr. Fleming (Eglinton): I have had no correspondence or communication with Premier Barrette on this matter over the past couple of months. I have had no communication from him with respect to the terms of this bill now under discussion. I pointed out yesterday that in the light of the action the legislature took at its recent session, there is no question whatever that under this bill the province of Quebec would fully qualify as a prescribed province, and therefore the federal tax abatement with respect to the federal corporation tax on federal taxpayers in the province of Quebec would apply to the 10 per cent rate of tax as it has hitherto applied to the 9 per cent rate. I believe that is quite clear.

[Mr. Bourget.]

The steps taken in the Quebec legislature have gone far beyond the terms of the measure now under discussion.

Now, Mr. Chairman, the hon. member for Levis, following up the question that was raised yesterday by the hon. member for Laurier, keeps asking if there has been some agreement on this matter. I think, if I may say so, they are labouring under some misapprehension in this regard. This bill does not depend upon some agreement between governments. All this bill does is provide an alternative method of meeting the problem that has arisen because legislation of this parliament up to the present time provided federal grants to universities on a direct basis.

In the case of a prescribed province the situation is this. Here again, Mr. Chairman, I say that I am speaking on this subject at this point under protest, because I think this whole discussion is not referable to clause 1 of the bill but to clause 2. However, I have been pressed on this matter repeatedly and hon. members go on taking hours discussing it on clause 1. I am therefore going to say this about it under that protest.

This method does not involve or hinge upon agreements between governments, any more than the equalization payments under the Federal-Provincial Tax-Sharing Arrangements Act depend upon agreement between governments. These equalization payments are paid to the province of Quebec, which has entered into no agreement with the federal government in pursuance of the provisions of this act. Those are payments that are made under the provisions of this act even in the case of provinces that have entered into no agreement whatever with the federal government.

Similarly, in the case of a prescribed province under the amendment now proposed, there is no contemplation of an agreement between the federal and provincial governments in that situation. All that the bill is dealing with in that situation is in relation to a federal abatement of a federal tax payable by federal taxpayers in the province of Quebec. That is clearly a matter for federal legislation and clearly a matter of federal jurisdiction beyond any question.

Then there is provision for the accounting at the end of the year so that the charge on the treasury remains the same. Accordingly, in the case of a prescribed province—again taking the case of the province of Quebec—if at the end of the year it is found, as undoubtedly would be the case, that the federal tax abatement exceeds the equivalent of \$1.50 per capita of population, the difference