

In its relations with the provinces, my Government is guided by the conviction that Canadian federalism must draw its vitality and strength from the mutual respect and co-operation of the national and provincial governments. The Canadian people can be well served by their political institutions only if each element in our federal system is able to act effectively within its constitutional sphere. While respecting fully the responsibilities of the provinces, the Government is equally resolved to maintain the constitutional responsibilities of the federal authority.

FEDERAL-PROVINCIAL TAX RELATIONS

The Tax Structure Committee, in which the federal and provincial governments, by a common effort, are making a fundamental review of their relations in matters of finance, is nearing the end of its task. The Committee is expected to present recommendations to the Federal-Provincial Conference which will meet later in the year to consider how fiscal relations between the federal and provincial governments might best be adjusted to strengthen each authority in the discharge of its constitutional responsibilities.

My Government will accordingly submit to you legislation respecting federal-provincial fiscal arrangements to become effective in 1967.

It remains the objective of my Ministers to provide that the Constitution of Canada may be amended in Canada.

You will be asked to authorize my Government to provide that "O Canada" shall be the national anthem and that "God Save the Queen" shall be the royal anthem of Canada.

DEPARTMENTAL REORGANIZATION

A measure will be placed before you to provide for the re-organization of certain departments of government, in order to adapt the structure of administration to new and changing conditions and so better meet the needs of our people....

...You will be asked to approve: the conversion of the Department of Citizenship and Immigration into a Department of Manpower; the broadening of the Department of Forestry into a Department of Forestry and Rural Development; the creation of a Department of Energy, Mines and Resources; the conversion of the Department of Northern Affairs and National Resources into a Department of Indian Affairs and Northern Affairs; the establishment of a new department responsible for the special areas of legislation concerned with the conduct of business activity; the establishment of the office of Solicitor General as a full department of government; and the establishment of a Department of the Treasury Board under its own Minister. My Government believes that these changes in organization will enable the processes of administration to respond more speedily and efficiently to the problems of modern times....

My Government intends to pursue policies to ensure that our prosperity and growth continue. It is important that the benefits this can bring to all Canadians should not be jeopardized by excessive costs and prices which would endanger the stability of our economy. My Government therefore intends to continue its policy of stretching out its expenditure

on public construction projects in areas of heavy pressure on the construction industry....

EDUCATION ASSISTANCE

While fully respecting the jurisdiction of the provinces in matters of education, my Government recognizes a pressing obligation to foster more effective development of the human resources of Canada by assisting the expansion of institutions of higher education, and by providing greater and more equitable opportunities for young Canadians to attend such institutions. A programme of Canada scholarships and bursaries for students undertaking higher education will be submitted for your approval. Amendments will be proposed to the Student Loans Act. As an initial response to the acute financial difficulties encountered by the universities and colleges, you will be asked to approve a substantial increase in the federal financial assistance to universities for the academic year 1966-67. After discussion with the provinces, my Government will convene a meeting to consider continuing action in a manner that recognizes differences in the educational systems and institutions of the provinces....

Arrangements will be made for you to decide the issue of capital punishment at an early date....

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WORLD FOOD PROGRAMME PLEDGE

Mr. J. J. Greene, Minister of Agriculture, represented Canada at a World Food Programme pledging conference held at the United Nations in New York recently. At this conference, governments contributing to an expanded World Food Programme for the years 1966-68 pledged their contributions. On behalf of Canada, Mr. Greene made a pledge of nearly \$30 million, in keeping not only with the strong support which the Canadian Government had extended to the World Food Programme since its inception in 1963 but also in the light of the unanimous endorsement given recently by the Food and Agriculture Organization and the United Nations General Assembly for renewal of the Programme, with an expanded target of \$275 million (U.S.) for the next three years.

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CANADA-BRITAIN AIR PACT

In a progress report on various bilateral air negotiations released to the press by the Minister of Transport in November 1965, reference was made to discussions with Britain designed to make it possible for Air Canada to provide non-stop service from British Columbia and Alberta to Britain.

Agreement in principle has now been reached. British Overseas Airways Corporation will be granted the right to carry local traffic between Montreal and Chicago on its transatlantic flights that serve these two points.

This agreement remains to be confirmed by an exchange of notes between the two governments, but it is understood that both airlines have made public the advance schedules for next spring in connection with the operation of these services.