

1967 before the accounts in relation to the estates provisions in the 1956 act will be fully closed out.

There is one question resolved. That is that the three provinces—Saskatchewan, British Columbia and Manitoba—are being given what is called a one-year option. The use of this one-year option for the determination of succession duty rental applicable in these provinces of Saskatchewan, British Columbia and Manitoba is in respect of the years 1957-58 to 1961-62.

The provision which is now incorporated in section 2 implements an undertaking by two previous administrations, but never formalized by statute, it being argued that a province that did not rent received 50 per cent abatement of the estate tax on the one-year basis, therefore those provinces that rented should have such an option. The ordinary basis of calculation of abatement for such provinces as did rent was 50 per cent of a three-year average. This one-year option was extended to British Columbia by a letter from the then Minister of Finance of February 14, 1957, to Saskatchewan by a letter from the Minister of Finance of May 17, 1957 and to Manitoba by a letter from the Minister of Finance dated October 30, 1957. This legislation will mean a faster basis of finalizing the accounts for those years. No other province expressed any interest in the one-year option.

The benefit of the one-year option is this. The standard succession duty applicable to a province under this legislation for a given year was equal to 50 per cent of the three-year average, including the year of calculation and the two preceding years. Depending on various factors, one approach in a particular year might produce more revenue to the province than the other method with the three-year average—I suppose, depending on the number of persons that became estates and depending on the size of the estates. So these three provinces, at their request and by agreement now finalized in this section of the bill, are given this option, if they wish to exercise it when they study the figures for the particular years.

The other item is in section 3 of the bill, entitled, "Newfoundland Grant." This proposed legislation adopts the recommendation of the Royal Commission on Newfoundland Finances, appointed under term 29 of the Terms of Union. At the present time there is a payment of \$8 million per annum recommended by the Royal Commission on Newfoundland Finances, authorized to be paid under section 3(3) of the Federal-Provincial Fiscal Arrangements Act until March 31, 1967. What this section proposes is that the terminal date be removed.

Hon. Mr. Brooks: Was that the additional grants section under which Newfoundland was paid \$8 million?

Hon. Mr. Hayden: There were additional grants at the time and there is this specific one under Term 29. The amount has not been changed or added to in any way, but the terminal date is being removed.

Hon. Mr. Hollett: Does that mean that the payment goes on indefinitely?

Hon. Mr. McCutcheon: Until a Government puts in a new terminal date.

Hon. Mr. Hayden: Until such legislation is enacted. A Government that does this can do something else. I should say that a Parliament that does this can do something else. But I would think that before Parliament would make any changes there might be further study, and there might be many factors that you can summarize as well as I can.

Hon. Mr. Baird: This is the amendment Newfoundland has been looking for, for a long time.

Hon. Mr. Hayden: Yes. This is tantamount to an assurance of \$8 million for an indefinite period.

Hon. Mr. Hollett: It could be increased or decreased under Term 29.

Hon. Mr. Hayden: Once the terminal date is removed, any Parliament in future could make different provisions.

Hon. Mr. Baird: But surely it is not intended for that purpose.

Hon. Mr. Hayden: I did not gather from my friend's question that he was suggesting there was an ulterior motive in removing the terminal date. I gathered it was being done because Newfoundland was pressing for it, and because it was felt that the greater assurance with no terminal date was better than the limited assurance given by a terminal date.

Hon. Mr. Hollett: Whom were you quoting when you said that somebody had an ulterior motive?

Hon. Mr. Hayden: What I was saying was that you did not have an ulterior motive. I took your question at its face value.

Hon. Mr. Hollett: I did not have an ulterior motive. Thank you.

Hon. Mr. Roebuck: Was there ever a terminal date? Did not the agreement provide that it should be reconsidered in 1967?

Hon. Mr. Hayden: There is a terminal date for the payments. The authority to make payments is only to March 31, 1967.