

*Equalization Payments to Provinces*

I will not repeat the arguments I advanced the other day.

**Mr. Sharp:** Mr. Chairman, I can confirm that the government is ready to accept this amendment.

Amendment agreed to.

Clause as amended agreed to.

Title agreed to.

**The Chairman:** Shall I report the bill?

**Some hon. Members:** On division.

Bill reported.

**Mr. Deputy Speaker:** When shall the bill be read the third time?

**Mr. Monteith:** Next sitting of this house.

**Mr. Lewis:** By leave, now.

**Mr. Deputy Speaker:** Perhaps I should point out to the house that the order for third reading of the bill does not carry with it the order to reprint the bill. If it is the wish of the house to have the bill reprinted, an order of the house can be made now. Is it agreed that the bill be reprinted?

**Some hon. Members:** Agreed.

**Mr. Deputy Speaker:** It is so ordered.

**FINANCE**

PROVISION FOR FEDERAL PAYMENTS TO PROVINCES

**Hon. Mitchell Sharp (Minister of Finance)** moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the payment to provinces out of the Consolidated Revenue Fund, for each fiscal year in the period commencing on the first day of April, 1967 and ending on the 31st day of March, 1972, of provincial revenue equalization payments and post-secondary education adjustment payments, and for each fiscal year commencing on or after the first day of April, 1967, of provincial revenue stabilization payments and succession duty payments; to authorize tax collection agreements with provinces and to amend the Established Programs (Interim Arrangements) Act to extend for an additional three years the interim period relating to the health grants program.

Motion agreed to and the house went into committee, Mr. Batten in the chair.

**Mr. Sharp:** Mr. Chairman, this resolution and the bill which it seeks permission to introduce are the outcome of extensive discussions with the provinces. These discussions took place in the tax structure committee, on

which the federal and provincial governments were represented by their ministers of finance or provincial treasurers, and culminated in the federal-provincial conference of October last.

I reported to the house on October 31 on the several proposals made to the provinces by the federal government at that conference. Major changes were proposed in the following fields: the occupancy of tax fields or tax sharing; provincial revenue equalization arrangements; provincial revenue stabilization arrangements; federal financial assistance in respect of post-secondary education; a new form of federal compensation to the provinces in respect of well established shared cost programs in the health and welfare field; and finally, a new federal program for the occupational training of adults in lieu of the technical and vocational training agreements which expire on March 31 this year.

My colleague the Minister of Manpower and Immigration has given notice that he will shortly be asking permission of this committee to introduce legislation to carry out the federal government's undertaking in respect of adult occupational training. The resolution now being considered seeks permission to introduce legislation to give effect to a new set of fiscal arrangements between Canada and the provinces in accordance with the government's undertakings at the October conference.

In presenting the federal proposals to the tax structure committee last September I suggested certain principles by which I believed that committee should be guided in the development of federal-provincial fiscal arrangements, consistent with the federalism of the future. For the information of this committee I should like to read these principles from my remarks to the tax structure committee:

First, the fiscal arrangements should give both the federal and provincial governments access to fiscal resources sufficient to discharge their responsibilities under the constitution.

Second, they should provide that each government should be accountable to its own electors for its taxing and spending decisions and should make these decisions with due regard for their effect on other governments.

Third, the fiscal arrangements should, through a system of equalization grants, enable each province to provide an adequate level of public services without resort to rates of taxation substantially higher than those of other provinces.