

Federal-Provincial Relations

inces, and hold discussions in an effort to make sure the provinces feel we are being fair in these computations. Once these negotiations have been completed the amounts will be paid. I should not like to specify the date when these amounts will be paid because I do not know when the calculations will be completed. I am not sure when we can hold discussions with the provinces. I can assure my hon. friend that these amounts will be paid as soon as possible.

Mr. Lambert: Mr. Chairman, in this regard it is conceivable that there will be legitimate grounds for disagreements on the part of the provinces and applications for *ex gratia* payments or adjustments in lieu of interest. We must consider the fact that this principle will apply to a period as far back as April 1, 1962.

I am sure the Minister of National Health and Welfare, who is experienced in law, will admit that it is better to be precise in this regard, and that following a determination of a terminable date the crown should agree to an estoppel date, prior to which interest is not payable. I see nothing in the way of the government choosing a relatively safe date, and I feel this date should be spelled out.

Mr. Gordon: In the first place, the Crown Corporations (Provincial Taxes and Fees) Act makes no provision for the payment of interest. I should also state it may take a full year's experience before we can arrive at calculations in respect of the amounts of taxes which will be reasonably agreeable to both the federal and provincial governments. While I am sympathetic toward the point of view expressed by the hon. member, I hesitate to suggest a specific date, because I do not know what date would be reasonably safe. I do not wish to treat these payments as such, but in a sense they are *ex gratia* in respect of any period prior to April 1, 1964. I think there must be a certain amount of good will on the part of the provincial governments in this regard. The federal government is going out of its way to indicate it wishes to honour a commitment which for a variety of reasons the previous government was unable to translate into legislation. I have not received any complaint from the provinces in this regard. I believe the principles embodied in this clause will meet every point of view.

Mr. Lambert: The minister has indicated that he has not received any complaint from the provinces, but I should remind him that this legislation has only been proposed within a few short weeks.

Mr. Gordon: I forget the exact date of first reading.

An hon. Member: First reading was given on July 13, 1964.

Mr. Gordon: I am sure my hon. friend would know, if he had my job at any time, that it does not take a province four weeks to peruse a bill that is before the House of Commons and decide whether it is satisfactory from a provincial point of view. I can make that statement to my hon. friend with some assurance.

Mr. Thompson: Mr. Chairman, I should like to ask the Minister of Finance a question. At the present time two provinces in Canada do not have a sales tax. Those provinces are Alberta and Manitoba. Under the proposition now before us the federal government is going to dip into its consolidated revenue fund and pay moneys to the provinces it considers it owes because of purchases by crown corporations in respect of which sales tax was not paid. Does he consider it fair to those provinces that do not have a sales tax to put them in a position where they are actually paying to the federal government money that is going to be returned to other provinces that do have a sales tax? Maybe the Minister of National Health and Welfare could help the Minister of Finance answer the question.

Mr. Gordon: We were just talking about the pension plan.

Mr. Thompson: This has nothing to do with pensions. This has to do with the refunding of sales taxes paid by crown corporations and the fact that justice is not being accorded to those provinces that do not have sales taxes. Does the minister consider that those provinces are getting a square deal in so far as this legislation is concerned?

The Chairman: Shall the clause carry?

Mr. Olson: We would like to have answers to these questions.

Mr. Gordon: I will be glad to answer this question. The strong feeling was expressed by the great majority of the provinces, I do not say all, that crown corporations should pay the sales taxes levied by those provinces. This is a matter which has been under discussion for some considerable time. The previous government decided that these representations were reasonable and they committed themselves to meeting them. When the present government came into office we reviewed the situation and came to the same conclusion. Provision was made in another act