

*Dominion-Provincial Relations*

**Mr. Fleming (Eglinton):** Yes. You must arrive at the same taxable income. That assumes the identity of the definition, including exemptions.

**Mr. Pickersgill:** What I am really asking is this. If a province is to avail itself of this offer, their law must be identical with that of the federal government except as to rates?

**Mr. Fleming (Eglinton):** That is broadly correct.

**Mr. Benidickson:** What freedom is there in that?

**Mr. Fleming (Eglinton):** The province is not obliged to ask the federal government to collect taxes on its behalf. It is presently within the power of any province to decide to collect its own taxes, and one province has informed us that it is its intention to do so. It rests within the power of the provinces to vary the rates, vary the exemptions, change the definition of income or anything else in that field. We only say that if they wish the federal government to collect the taxes we can only operate when we are working on the same basis as to the taxable income.

**Mr. Pickersgill:** I do not disagree with that at all. I think the minister is right. It would not be feasible to collect it if you had two different schemes; and besides, there would be no advantage to the taxpayers anyway because they would have to make separate calculations.

I should like to pursue further the question asked by the hon. member for Kenora-Rainy River. It has always been true, of course, that any province had the right to impose any taxes it liked. That right has never ceased to exist at any time since confederation. I agree that there was a disability on the provinces which did so between 1947 and 1957, but there has been no disability on any province since 1957, as the minister well knows, and the province of Quebec, which has been collecting taxes of its own kind in its own way, has been getting equalization on exactly the same principle as any other province. So there is nothing new here as far as freedom is concerned. The only thing is that under the existing law a provincial government has the freedom, if it wishes, to make a tax rental agreement. That is a freedom which is now being taken away. Nothing whatever has been added, but something has been taken away. That is all.

**Mr. Fleming (Eglinton):** We have been over this time and time again. The hon. gentleman makes these categorical statements which just do not gibe with a proper interpretation of the measure. He can go on reiterating these

statements of his if he likes, but that does not bring us into agreement as to whether they are correct.

**Mr. Pickersgill:** May I put one simple question to the minister. Is there anything whatsoever which the government of Quebec can do now in the way of levying income tax that it could not do under the existing law?

**Mr. Fleming (Eglinton):** With regard to levying, once the province of Quebec decided not to rent tax fields the positions are similar, with this exception. Previously the province of Quebec had no opportunity of having its taxes collected gratis by the federal government. Now it has that opportunity if it chooses to use it. However, I think the government of that province prefers to collect its own taxes.

**Mr. Benidickson:** I see that in subclause (c) of clause 2 provision is made for the acceptance of a practice which has been developed by the dominion bureau of statistics. I assume that this was presented to the provinces and they agreed to it. Is that correct? Then again, with respect to subclause (f), if we are allowing the provinces full freedom in this matter it should be borne in mind that from time to time there may be negotiations with other countries with respect to tax claims. To what extent has this been discussed with the provinces at the conferences?

**Mr. Fleming (Eglinton):** Both these matters were brought before the representatives of the provinces at the conference. The hon. member asked me if the provinces were agreed in relation to the natural resource revenue. I would say that some provinces expressed their approval while others preferred not to see natural resource revenue taken into the equalization formula. It very much depends where the benefit lies in a particular case. The inclusion of natural resource revenue in the formula benefits some provinces, and naturally, they would welcome it. To the extent that some provinces would not benefit, it would not be natural to expect them to enthuse over it. With regard to succession duty, there was very little discussion on the part of the provinces of this particular proposal.

**Mr. Benidickson:** I see that 2(1)(c) defines what natural resource revenues are to be. Coming back to my first point, would the minister tell us which provinces will actually receive less as a result of the inclusion of this provision in the agreement? I think, of course, of Alberta and perhaps British Columbia. Which other provinces actually lose in comparison with the old agreement as