

Dominion-Provincial Relations

would transfer to any province which opts out of the agreements listed in schedule 1. But clause 9 makes it clear that if the additional units of tax abatement are not sufficient to equal grants payable under the agreements, the federal government will make up the difference. Conversely, if the abatement is more than sufficient the federal government will recover the difference. Therefore the provinces will be completely hamstrung, at the discretion of the Minister of Finance, and they are not going to have any more revenue available to them in spite of the tax abatement.

The provinces may want to change their programs but they will not be allowed to cut down on them. Subject to agreement with the Minister of Finance there will be some areas where the federal government can make additional grants, and it may cost more to administer the programs when the provinces take over administrative responsibility. But if the programs do not cost as much as the tax abatement would amount to, then this produces a debt owing by the provinces to the federal government.

The net result of these clauses is that a province may be held responsible for collecting enough income tax to meet the federal government grant under the present agreements. The only real advantage to a province is that there would be some reduction in the number of claims processed. I suppose we can concede at this point that the administration may be a bit easier and simpler, but so far as dollars and cents are concerned, or the right to change these programs, there does not seem to be any latitude whatever granted to the provinces. If this is true then the bill is a farce because it is not going to give the provinces any additional responsibility in administering the programs or adjusting their income tax levels to meet those programs.

If I may, I should like to bring one particular program into focus for a few minutes. It will be found under column 1 in schedule I, the hospital insurance program under the Hospital Insurance and Diagnostic Services Act. I think the province of Alberta will be very anxious to opt out of this shared program because of the severely discriminatory action taken by the federal government over the years in setting the formula. I refer specifically to the co-insurance, something like \$1.60 to \$2 a day collected by the province of Alberta in the administration of this program. We call it co-insurance.

The federal government has consistently refused to accept this as a legitimate way of

collecting part of the cost of administering the program, and therefore the province of Alberta has received that much less from the federal government as its share under the calculations that are used. If clause 3(2) is to be invoked it would appear that the province of Alberta will have no authority to change this matter and to collect this co-insurance, if it so decided, without the express permission of the Minister of Finance; and unless that permission is given, then of course the tax abatements will not amount to the net revenue being collected by the province of Alberta.

I am rather disappointed that all these provisions are in the bill, leaving the Minister of Finance and the other federal ministers responsible for the regulations of these programs with almost full discretionary power to decide how the provinces may administer them in the future, and to decide whether or not the provinces can make amendments to these programs. What is worse is that there appears to be no termination provision in the bill respecting the time during which the federal government can exercise this discretion.

Mr. Gordon: May I ask my hon. friend a question. During the course of his very interesting remarks he has said on several occasions that there is no termination date. I wonder if he has studied clause 3(3)(a) and (b) which clearly sets out the termination date?

Mr. Olson: Yes, I have studied these, but I will admit, not in great detail. Does this mean that the federal government would finally and completely vacate that area of the tax field which was transferred to the provinces after the dates set out? The minister shakes his head. So it becomes even more difficult to understand what this means. I hope when he rises to address the house again the hon. gentleman will give us more detailed information as to what will happen after the termination of the agreements in the two schedules.

We had hoped there would be some genuine transfer of responsibility to the provinces, particularly in relation to those programs which are within provincial jurisdiction, in our view at least, according to the terms of the British North America Act. It is our hope, too, that the minister may give consideration to opting out programs when it comes to revenue. We know that in this area, the province of Alberta, particularly, and the province of British Columbia

[Mr. Olson.]