

In so far as vocational schools are concerned, the federal Government assistance has been by way of a cost-sharing program. These two methods have been used: the per capita method in the case of universities, and the cost-sharing basis in the case of vocational schools.

The proposal made at the conference was to do away with the per capita grant and the cost-sharing program and to substitute fiscal transfers. The federal Government would transfer to the various provincial governments four percentage points of the basic personal income tax, and one point on corporation profits; that is to say, the federal Government would reduce its individual income tax by four per cent of the basic tax and its corporate tax by one per cent of corporate profits, thus enabling the provinces to step into the field to that extent and raise their money relatively painlessly by corresponding amounts. One can see at once that the result of this would be that the wealthier provinces with heavier personal income taxes and corporate taxes would benefit, where the less wealthy provinces would not.

Therefore, the federal proposal went further and said that where the tax abatement did not amount to at least 50 per cent of the operating cost of the universities in a province, an equalization grant would be made by the federal Government to bring the amount received by that province up to 50 per cent of these operating costs, so that half of the operating cost of all the universities of all provinces would be paid by the federal Government. Even that, however, would not take care of those provinces where the amount spent on university education was low in comparison with other provinces. So the federal Government has taken the national average of university expenses of all provinces, which works out at \$14 per capita, and any province, after receiving the amount of income tax and corporation tax that is made available to it, after receiving up to 50 per cent of its operating cost, is also entitled to receive an amount to bring it up to \$14 per capita. This is a long step forward.

Hon. Mr. Connolly (Ottawa West): Is that per capita of the population within the province?

Hon. Mr. Leonard: Per capita of the population of the province. In other words, with a population of 20 million in Canada, that is \$14 per capita, or \$280 million. This is a long step forward, and it seems to me to go far toward

meeting the problem of financing post-secondary education. The Prime Minister himself said that it goes further than the Bladen Commission Report in so far as the federal Government is concerned, and he gave the figures that the federal grants, plus the abatement of the tax field in 1967-68, would mean federal assistance in all of \$359,974,000.

I should mention that there is also to be a phasing-out of the federal grants towards the construction of vocational schools, and these grants are included in that figure, but the total increase by the federal Government towards post-secondary schools would be from \$75 million to \$100 million. That I think is a very substantial increase toward meeting the problem we are facing.

One aspect of the federal policy, however, that disturbs me is that in connection with church-related institutions. Until now the moneys from the federal Government have been made available to all universities in Canada, whether church-related or not, and to me that is the right policy. For reasons that are largely historical, the Province of Ontario does not make its university grants as such available to church-related universities. Waterloo Lutheran University, of which Senator Ross Macdonald is chancellor, is the only university in the Province of Ontario which is church-related. However, there are church-related colleges affiliated or federated, or connected with other universities. These church-related institutions in general have not been receiving assistance from the Province of Ontario. They have been obtaining their share of the federal grant, and this I submit is the right policy. Had it not been for the substantial amounts given to these institutions by the federal Government, their condition in the last few years would have been extremely difficult.

If the result of this fiscal transfer is that the provincial policy is to be applied not only to the grants that the provincial Government makes in its usual or ordinary way, but also to the amount now made available by the federal Government, through the vacating of the tax fields and through the equalization grants, then the position of these institutions would be really calamitous.

In its figures, the federal Government has taken the cost of these institutions into account. It is prepared to make its funds available for these institutions and from a national standpoint I think this is right.

If the federal Government, in pursuance of a national policy, deems that it should assist a