

REVISED UNIVERSITY GRANTS

Prime Minister Diefenbaker announced on December 10 that the Government would recommend to Parliament a revision of the university grants arrangements to make it possible for universities in all provinces to participate.

The revision will apply only in those provinces whose governments request the change and whose legislatures take the action necessary to implement the alternative plan. No change is proposed in the present system of grants distributed through the National Council of Canadian Universities in those provinces not requesting the change.

The new alternative plan will, if Parliament approves, be given effect by amendments to the Tax Sharing Arrangements Act and to the provisions in the Income Tax Act regarding the abatements from corporation income tax which apply in provinces imposing a corporation income tax themselves. If the Government of a province requests the change to be made in respect of that province, and undertakes to provide additional grants to the universities in that province on a scale equivalent to the present federal grants of \$1.50 per capita, then Parliament will be asked to authorize an increase of one per cent in the abatement made in the federal corporation tax in respect of that province, from nine per cent to ten per cent. This increased allowance for a provincial corporation tax will be in lieu of federal grants for universities in that province. It will be necessary for the provincial legislature then to impose an additional corporation tax equivalent to the reduction in the federal tax and to authorize the payment of the additional grants to the universities.

If the government of any province having a tax-rental agreement with the Federal Government covering corporation taxes wishes to have the new plan apply in that province, Parliament will be asked to authorize an amendment to the agreement to permit the province to impose a corporation tax at the new, higher rate and the rental payments under the agreement would be reduced correspondingly.

The reduction in the federal corporation taxes and increase in provincial taxes will not exactly equal the amount of the university grants to be payable by a provincial government under the new plan. Consequently it is proposed that a supplementary adjustment will be made either by payment of the difference from the federal to the provincial treasury, where that is required to balance the two, or by withholding an appropriate amount from other payments that would be made from the federal to provincial treasury, when such a reduction is required to bring about a balance. As a result, acceptance of the new plan by any province will not increase or diminish the net burden on its treasury, nor on the Federal treasury; changes in revenues and expenditures will balance out in each case.

The new plan will go into effect in April next, if Parliament approves, and will continue for the remaining two years of the period covered by the Tax Sharing Arrangements Act, i.e., until March 1962.

Under the new arrangements the grants will be available to each university in the same amount as at present. The total of them in each province will increase in proportion to the increase in population of the province, as in the case of the present grants.

Commenting on the new plan, Mr. Diefenbaker said: "The Government has been considering carefully for a long time the possibility of changes in the arrangements for the payment of grants to universities. There has been a deep desire to devise an equitable plan that would make it possible for universities in all the provinces to benefit. I am confident that this new plan will achieve that objective. Thereby it will strengthen our national unity. It takes fully into account the jurisdiction and responsibilities of the provincial legislatures in the field of university education, while at the same time giving effect to the desire of Parliament and the Canadian people to see the universities of Canada assisted in their important work".

COMMONWEALTH SCHOLARSHIPS

Prime Minister Diefenbaker recently announced the appointment of the Canadian Commonwealth Scholarship and Fellowship Committee, the members of which are: Dr. G.F. Curtis, Dean of Law, University of British Columbia (Chairman); Dr. W. Argue, Dean of Science, University of New Brunswick; Monseigneur J. Garneau, Moderator and Secretary-General, Laval University; Dr. H. Gaudefroy, Director, Ecole Polytechnique, University of Montreal; Dr. Marion E. Grant, Dean of Women, Acadia University; Dr. F.W. Jeanneret, Chancellor, University of Toronto; Dr. A.G. McCalla, Dean of Agriculture, University of Alberta; Dr. T.H. Matthews, Canadian Universities Foundation (Secretary); Dr. D.L. Thomson, Dean of Graduate Studies and Research, McGill University; Dr. W.J. Waines, Dean of Arts and Science, University of Manitoba; a representative of the Department of Trade and Commerce; a representative of the Department of External Affairs.

Representatives of the Canada Council and the National Research Council will be associated with the Committee in a consultative capacity.

The Chairman of the new Committee, Dean G.F. Curtis, was a member of the Canadian Delegation to the Commonwealth Education Conference held at Oxford in July of this year and was Chairman of the Committee appointed by that Conference to consider arrangements for the Commonwealth Scholarship and Fellowship Plan.