

*Tax Structure Committee*

ernment and the provinces will together study the fiscal problems of the 11 governments, will together assemble the facts necessary to illuminate these problems, and will together develop fiscal arrangements which meet the needs of Canada. This approach to federal-provincial arrangements met with the unanimous and wholehearted support of all governments.

After this portion of the work of the conference was over, the Prime Minister reported briefly what was agreed in the following terms:

I. The committee is directed by the federal-provincial conference to study and to report upon the following matters, its report to be submitted to the conference early in 1966:

1. Trends to be expected during 1967-72 in public expenditures by the federal government, the provinces and the municipalities, taking into account the broad priorities likely to be accorded by governments to expenditures on major programs that will compete for available funds;

2. The problems involved in financing these expenditures and their relationship to the economic circumstances to be expected, the probable levels of costs of public services and facilities, and the prospective levels of government debt;

3. The general policy to be followed in respect of shared cost programs during the period 1967-72;

4. The tax fields that should be used exclusively by the federal government and by the provinces and municipalities, and the fields in which joint occupancy is desirable;

5. The arrangements to be made in respect of jointly occupied tax fields;

6. The relation of equalization grants to the fiscal requirements and fiscal capacities of the provinces, and the best equalization arrangements for the period 1967-72;

7. Future intergovernmental liaison on fiscal and economic matters;

8. Other related matters.

II. The committee agreed upon the nature of the studies that should be undertaken to facilitate its work. These will be put in hand as quickly as possible.

III. The committee agreed that the continuing committee of officials on fiscal and economic matters, originally established by the federal-provincial conference of 1956, should be assigned responsibility for general direction of the studies to be undertaken and the working out of the assumptions and methods to be used in those studies requiring a common basis of approach. Mr. A.W. Johnson was selected to co-ordinate and expedite this work, as well as to be secretary of the tax structure committee itself.

**Hon. George C. Nowlan (Digby-Annapolis-Kings):** Mr. Speaker, the minister has just made an interesting statement with regard to this tax structure committee which is going to be responsible for a long range study of some of our pressing taxation problems. I believe we are going to have quite a few studies in the next little while, but I am not sure whether we will have enough students to absorb them. We have the refer-

[Mr. Gordon.]

ence the minister has just made to this tax structure committee. We have the Minister of Justice referring to the report of the constitutional conference and the fact that there may be substantial changes in the constitutional relationship between the provinces and the federal government. Then, of course, almost in the background we have the Carter commission which was set up some two or three years ago, and which I hope will be reporting within the next few months. Certainly there will be a high degree of elasticity in our tax structure in the immediate future, and a great deal of midnight oil will be burned before all the problems are finally settled.

I think it is a very good thing that we have this approach made today. Certainly the impact on fiscal arrangements of the ten provinces and the dominion occupying parallel fields and in some cases occupying the same fields, with power to borrow and power to tax, could create almost a financial jungle in this country. It is necessary to have studies made. It is necessary to evaluate. I trust the evaluation of conflicting claims which are being made upon provincial governments and the dominion will be evaluated.

There is no point in discussing this matter further at the moment. This is a long term matter, the results of which will not be before us for many months—I think the minister said about 1967—and by that time we will have had ample opportunity to study all the implications contained therein.

**Mr. Colin Cameron (Nanaimo-Cowichan-The Islands):** Mr. Speaker, I am sure no one could object to the purposes of the committee's work. One might perhaps regret that it was not established earlier. Its establishment now does raise some questions in one's mind as to the future of some of the shared cost programs. It makes one wonder what is going to happen to the much touted Canada pension plan, what is going to happen in the interval to the possibility of advancing a program of medical care, and what is indeed going to happen—whatever life may be left in it—to the Canada Development Corporation.

I wonder if we are to take it from this announcement today that the establishment of this committee at this time postpones until at least 1967 any advance along these lines. It seems difficult to understand how any advance could be made while the government is waiting for the results of this study. It would be interesting to hear from the minister as to whether the Canada pension plan, any steps that may have been taken toward