in the fees of the professions. The success of the new program proposed by the Prices and Incomes Commission depends in a vital way on the degree of co-operation forthcoming from all levels of government, institutions, the private sector and the general public.

I want to make it perfectly clear that the federal government remains determined to break the back of inflation. We are hopeful that this further measure will prove effective, together with existing policies, in halting the cost-price spiral. If it does not, then the government is fully prepared to consider other measures which may have to be adopted to eliminate this threat to the well-being of our economy and of all Canadians.

The conference also dealt with questions involving the financial relationships between the federal and provincial governments, which have an important bearing on their respective fiscal positions and their impact on the economy.

I agree to accelerate by one month the payment to the provinces of taxes the federal government collects on their behalf. The practical effect of this proposal is to make available to provinces other than Quebec, which collects its own taxes, approximately another $150 million during the current fiscal year.

Our estimates for the current fiscal year originally provided for a payment to the provinces of $867 million for net equalization and estate tax payments. As a result of new statistical data which has since become available, it is estimated the payment for the current year, together with adjustments for 1968-69, will actually amount to more than $920 million. This represents an increase of around $60 million.

As a further means of easing the tight cash position of the provinces, I also proposed a change involving grants for technical and vocational training schools. After provision is made for capital grants during the current fiscal year, the credit remaining to the provinces for this purpose is approximately $150 million. I suggested that we should seek to work out conditions providing for the payout of the remaining $150 million credit in cash over a two-year period commencing in the current fiscal year.

• (2:40 p.m.)

Taken together, these three measures, plus some minor adjustments in other payments, would make available to provincial governments $300 million more than originally provided for in the current fiscal year.

In March, I anticipated a budget surplus of $250 million, which included an estimated drop in federal revenues as a result of imposition of consumer credit controls of around $50 million. Since it has been decided not to proceed with this measure, the surplus as calculated in the budget would be revised upward to $300 million. This would now be reduced to a surplus of $150 milliion on the basis of the developments I have just outlined.

In the budget, I estimated that our net cash requirement for the current fiscal year would amount to $525 million, excluding that needed to finance foreign exchange transactions. The net increase in the budgetary expenditures of $100 million, after allowing for the change relating to consumer credit controls, plus the further $150 million required as a non-budgetary item to cover accelerated tax collection payments, would increase our net cash requirements by a total of $250 million to a total of $775 million.

On the basis of the national income accounts, I estimated that the surplus in the federal sector, excluding the Canada Pension Plan, would decline from $570 million in the last fiscal year to $130 million in the present fiscal period.

Excluding the loss of revenue expected as a result of establishment of consumer credit controls, the federal surplus would amount to $180 million this year in terms of the national income accounts. The net effect of the budgetary measures which I have outlined would be to reduce this surplus to around $30 million. These figures may be altered somewhat by the detailed revision of the national accounts, but given the margin of error in those statistical estimates the basic situation remains unchanged.

This reduction in the projected surplus in the federal sector will provide an important new stimulus to the economy, which we consider to be warranted in the present economic circumstances.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I want first of all to thank the minister for having sent me a copy of his statement in advance so that I could see what it did not include. A very important conference has just been held between the Minister of Finance (Mr. Benson) and his colleagues and their counterparts in the provinces. That conference covered more than one subject. Inflation and wage restraint did not represent