

Hon. Mr. Grosart: Is this the same table which was placed on the record in the other house by the Minister of Finance?

Hon. Mr. Hayden: Yes; but the interpretations are edited by me, applying whatever little intelligence I have to it and drawing attention to those distinctions.

Hon. Mr. Grosart: Would you change the heading, "Estimated cost to Federal Government" and so on?

Hon. Mr. Hayden: Part of the interpretation which I have made here shows the estimated cost to fall into two divisions—I have been calling it estimated cost or pay-out, and then I have been talking about the abatement element, which is a lessening of the receipts on the Government side, which they do not pay out. While "estimated cost to Federal Government" may, in a large general sense, be a reasonable heading, it is not the heading I would have put on it if I were drafting it originally.

Hon. Mr. McCutcheon: In this case I would take the view of the Minister of Finance.

Hon. Mr. Hayden: I have never asked you to take my view on anything yet, and I am not going to start now. I believe my view is an accurate view, a sound view. You have a distinction in cost between what you have to pay out, because you have to find the money for it, and what may not come in, because you do not collect it.

Hon. Mr. O'Leary (Carleton): What does it mean to the average taxpayer? Does he pay more or less?

Hon. Mr. McCutcheon: Who is the average taxpayer?

Hon. Mr. Hayden: I do not want to take any substance from my friend's remarks, because no doubt he intends to speak on these matters when I have finished and I wish to leave them for him. It may be that he will define for Senator O'Leary what is an average taxpayer.

Hon. Mr. O'Leary (Carleton): Do I pay more or less?

Hon. Mr. Hayden: That is a question only the senator can answer, or his auditor. I am talking generally as to what will happen. To the extent that the federal authority has to pay out additional money by reason of the change in the equalization formula and by reason of the additional 25 per cent deduction for estate tax, the Government of Canada will have to find that money. It usually finds it by borrowing, and it usually levies taxes for that purpose. If the rates of tax are increased, then one can more specifically say that this is the reason. If the Government gets along

with the present rates and continues with deficits, that simply means postponing the payment of this. Therefore, in answer to the honourable senator's question as to whether he will pay more or less, I cannot answer, because I do not know what the policy is going to be, whether the Government intends to levy taxes specifically to take care of this pay-out. I do not know whether the senator will still be in the same or a lower income tax bracket. I hope it will be a higher one by that time, so that the Government will get more money from him.

My friend preferred the view of the Minister of Finance, and therefore I want to make an additional statement which I would not otherwise have made.

The total pay-out in 1964-65, by reason of the increases provided in this bill, and by reason of the carry-through from previous years of the same 50 per cent deduction and estate tax, is represented by three items. As to equalization in this period of 1964-65, the total pay-out will be \$213,237,000. The total pay-out on estate tax at the 25 per cent rate will be \$28,250,000. The total pay-out, a continuing one in relation to the 50 per cent which carried over for a considerable period of years, will be \$10,901,000. This makes a grand total of \$252,388,000 in total pay-out in relation to these items for 1964-65.

If Bill C-111 did not become law, the total amount of pay-out would be, for equalization \$157,928,000, and for estate tax at 50 per cent, \$10,901,000, or a total of \$168,829,000. The difference is about \$84 million, which proves the answer I gave to my friend a short time ago from another source of information. So it is a sort of double check.

I have spent some time on estate tax and equalization. I do not know whether I have succeeded in confusing the situation or not. I have talked about the abatement. Before I leave abatement to deal briefly with several other points, I want to stress very clearly the difference between rates of abatement and equalization payments.

Rates of abatement simply make available to the province the opportunity to occupy an area of income taxation with relation to individuals for any rate it likes without increasing the overall tax of the individual, unless the provincial rate exceeds the rate of abatement. The provinces are not bound to impose a provincial tax at the rate of abatement allowed federally. They can impose less or more, but the fixed rate of allowance is what is specified in the Income Tax Act and in this bill. Therefore, there is no limitation on the province in the rate of income tax that it may apply. However, there is a limitation on the allowance that the individual taxpayer will get in