

Dominion-Provincial Relations

table 3 on page 7927 of *Hansard* gives dollar for dollar figures with respect to income for Manitoba, Saskatchewan and some of the other provinces for the first year of the new five year agreement. The income they receive will be the same as the income they received during the last year of the old formula which they negotiated with the previous government in 1956.

The new formula includes a growth of 5 per cent per annum. How many people in the province affected will think that this represents any progress, having regard to the various extravagant proposals that were made by the present minister when he looked at these matters when the last five year agreement came up for debate in 1956 and, in particular, when so many of the people in these provinces remember what the Prime Minister said in the election campaigns of 1957 and 1958. In other words, this represents a standstill for those provinces. The figures seem to indicate that. Am I right in assuming that the fact the dollar figures are identical is due to the stabilization clause in the agreement? In other words, there is a floor but apparently the floor is going to be the best that those people in those provinces I have mentioned are likely to get in this next agreement, as opposed to the fact that in the agreement negotiated in 1956 when Mr. Harris was minister of finance, there was an over-all increase of many millions of dollars in the amount the provinces received, and in no case did a province fail to go forward.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member is getting the terms mixed up. He has been talking about stabilization, and I think he means the guarantee. As a result of the operation of the guarantee feature in the new formula, the provinces he has mentioned, Quebec, Manitoba and Saskatchewan, will not fall below what they would have received under the present formula. These are all provinces with incomes below the national average and therefore they have the benefit of both features of the guarantee. In other words, they are assured not only that their receipts in any future fiscal year will not fall below those in the present fiscal year, but they are also assured that they will not receive less than they would have received had the present formula been carried on into the future throughout the five year period.

Then, by way of comparison, if the hon. member will look at table 3 on page 7927 of *Hansard*, he will see that in the case of Quebec, had it not been for the change, next year under Mr. Harris' formula Quebec would have received \$217 million whereas

under the proposed formula they will receive \$241 million. The province of Manitoba under Mr. Harris' formula would receive next year \$38 million, and under the formula proposed by the present government will receive \$42 million. The province of Saskatchewan, under Mr. Harris' formula would receive next year \$38 million and under the formula proposed by the government in this bill will receive \$42.5 million.

The hon. gentleman talks about increased benefits, but he is overlooking the fact that the benefit to the provinces is not static. It is a substantial benefit now and it increases year by year over the five year period as the federal government progressively withdraws from the personal income tax field in favour of the provinces.

Clause agreed to.

Clause 5 agreed to.

On clause 6—*Tax collection agreements.*

Mr. Fleming (Eglinton): There is an amendment to clause 6 to which I referred two days ago by which subclause 3 would be added. I would ask my colleague the Minister of Veterans Affairs to move this amendment. I sent copies of the amendment, Mr. Chairman, to hon. members opposite when I referred to this matter on September 26 as reported at page 8941 of *Hansard*, and I set forth the reasons for the amendment.

Mr. Churchill: I move:

(3) Where the law of a province that imposes a tax on income as described in subsection (1) contains provisions requiring every person making a payment of a specified kind to another person to deduct or withhold therefrom an amount and to remit that amount on account of such tax, effect may be given to those provisions, in accordance with the regulations, in relation to persons to whom such payments are made out of the consolidated revenue fund or by an agent of Her Majesty in right of Canada.

Amendment agreed to.

Clause 6 as amended agreed to.

Clauses 7 to 9 inclusive agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Chown): When shall this bill be read a third time; now?

Mr. Pickersgill: By leave.

Mr. Fleming (Eglinton) thereupon moved the third reading of the bill.

The Acting Speaker (Mr. Chown): Is it the pleasure of the house to adopt the motion?

Mr. Chevrier: On division.

Motion agreed to on division, bill read the third time and passed.