

Dominion-Provincial Relations

about by this parliament in the personal income tax rates that will be payable effective January 1, 1958.

Mr. Lesage: That is not the question I asked. I asked the Minister of Finance if the new basis for the stabilization payments to be paid in the future, especially in 1958-59, would be based on this new standard rate of 13 per cent instead of the 10 per cent for 1957-58. This is important if the same standard rates yield less because of economic conditions?

Mr. Fleming: I am not going to prophesy what the amount will be—

Mr. Lesage: I am not asking you to prophesy.

Mr. Fleming:—but my hon. friend is well aware of the provisions in section 5 of the present act, and the application of that act to the factor about which he is talking. I have made it quite clear to him that the provinces are going to receive payments at the higher rates that were in effect in 1957. We have not made any attempt in this legislation to reduce the amounts that the provinces would receive under this legislation, by taking into account the reductions that were brought about, and which this parliament approved, in December to be effective January 1, 1958.

Mr. Lesage: The standard rates which are mentioned in the act which the minister just mentioned, so far as personal income tax is concerned for 1957-58 is 10 per cent, not 13 per cent, therefore the guarantee is based on the 10 per cent standard rate of personal income tax for 1957-58. I ask him if it is going to be raised to 13 per cent for stabilization payments purposes only? It is a clear question.

Mr. Fleming: The bill to follow will introduce an amendment in the act by adding a section that will provide that, in its application to the fiscal year commencing April 1, 1958, paragraph (f) of subsection (1) of section 2 of the act shall, for the purposes of the act and any tax rental agreement, be read and construed as if for the words "10 per cent" therein, there were substituted the words "13 per cent".

Mr. Lesage: I thank the minister. This is the first clear answer I have received from him and he has to read from the bill.

Mr. Hahn: I would like to address a question to the minister relative to the figures he has proposed with respect to the province of British Columbia. There was a correction to page 3850 of *Hansard* of January 27 last as compared with the original statement that the

[Mr. Fleming.]

figure would be \$5.5 million, and my question is: Has the province been officially advised as to what the exact figure is going to be, should it take advantage of this scheme?

Mr. Fleming: Telegrams were sent to the premiers of the provinces last Friday and placed on record in the house on Saturday morning. They did not attempt to name any amount. They made it clear, apart from the Atlantic adjustment grant, that what the federal government was proposing to do to assist the provinces, as an interim measure, was to ask parliament to approve an increase from 10 per cent to 13 per cent of the standard individual income tax in the compensation payable to the provinces under the Federal-Provincial Tax-Sharing Arrangements Act. There were no figures of dollars named in the telegrams. The provinces, of course, are perfectly competent to work out their own figures and undoubtedly they have done so.

In the case of British Columbia, a message was received yesterday from Premier Bennett inquiring as to the amount and the amount was given to him in relation to the table which was placed on *Hansard* yesterday. So no one has been misled and I am sure no provincial premier has misunderstood. All this talk about misleading is, perfectly obviously, just poppycock.

Mr. Hahn: Mr. Chairman, I did not use the term "misled" and I would not want the minister to pretend that I did. The reason for my suggestion was that the article in the *Vancouver Sun*, of which I had a copy just a moment ago, headlined the fact that British Columbia was going to receive \$5.5 million from the federal government.

Mr. Sinclair: They were misled, too.

Mr. Hahn: The people apparently would have the wrong impression, and all I wanted to do was to make sure they understood correctly that this government had over-estimated.

Mr. Nicholson: May I add an additional word on this matter? Has the minister sent out telegrams to the premiers of the provinces of British Columbia and Prince Edward Island? Obviously mistakes occurred in the papers on Saturday. Has he followed up with telegrams to explain the mistakes that were made?

Mr. Fleming: No, Mr. Chairman. These figures given on Saturday morning were figures we had at that time calculated for the information of the house with respect to the results of the proposal which had been made to the provinces. The provinces did not rely on these figures. They were not statements to the provinces.