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GOVERNMENT OF QUEBEC

**STATEMENT BY
THE HONOURABLE
JEAN LESAGE, P.C., Q.C., LL.D.**

**Prime Minister,
Minister of Finances and
of Federal-Provincial Affairs**

Federal-Provincial Conference
Quebec, March 31st, 1964



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...I

The Federal-Provincial Conference, which got under way in Ottawa last November, is presently being continued in Quebec. We are indeed pleased that the government of Canada and the governments of the Provinces of this country so readily accepted to meet in Quebec in order to carry on the work undertaken four months ago. Our Capital and its entire population rejoice at your presence in our midst.

In the name of the government of Quebec, we bid you a warm welcome. May your stay prove both pleasant and profitable.

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In our opinion, it does not seem necessary to reopen all the questions reviewed in November. Actually, for a number of these questions, it would seem advisable to let some time elapse in order that we may better judge the effects of the decisions taken at that time.

However, we do consider it essential to review anew two subjects of capital importance : fiscal arrangements and shared-cost programmes. In the first case, we would like to restate our position. The necessary improvements that we put forth - and which may even lead to a reform in depth of Canadian federalism - bring into sharp focus the problem of fiscality. In the second case, we reiterate our desire to contract out of conditional grants and shared-cost programmes in return for an adequate fiscal compensation and we are here setting forth, to this effect, precise and concrete proposals.

Moreover, we deal with other matters which are on the agenda of this conference or which refer to various measures recently announced by the government of Canada.

- 1 -

Fiscal Arrangements

The position of the Quebec government concerning fiscal arrangements was set forth in the document that Quebec submitted at Ottawa, last November. It is deemed practical, however, at this point to reproduce in its entirety the text concerning fiscality and equalization payments :

"This question is divided into two subjects of major importance : the apportionment of taxation fields and equalization payments.

a) Apportionment of taxation fields.

The principal and the most urgent of the motives which impel us to demand a new fiscal apportionment is the present priority of provincial needs. Fiscal apportionment aims at satisfying these needs, that is to say, at permitting the provinces to devote themselves more adequately and more efficiently to putting the accent on human capital, if we may thus express ourselves. Education, welfare and health legislation are various measures which tend in this direction. As a corollary to this, the desired fiscal apportionment will permit them to meet their responsibilities in matters of economic development which, in turn, exercises an undeniable influence on human development. These two objectives are intertwined and complementary to each other. It also follows that they come under provincial jurisdiction and, as we have already said, the provinces do not presently have the financial means to completely reach these goals. It is this situation of ill-omen which could compromise the

very future of our country and which it is absolutely necessary to correct.

Once again, we demand as minimum taxation powers : 25 % of personal income taxes; 25 % of corporation income taxes, which in this case amounts to approximately 10 $\frac{1}{2}$ % of taxable income; and 100 % of succession duties. The transfer of property comes under provincial jurisdiction. It is therefore logical that the tax on donations inter vivos should go back to the provinces, since these donations are of the same nature as estates. Does all this amount to final and rigid demands ? Not necessarily - and this, for two reasons. In the first place, we are presently studying taxation problems in Quebec. Until the report of the Royal Commission of Inquiry appointed for this purpose has been handed down, the proportions mentioned here may not be considered as final. One thing is certain, however, for us these demands represent a strict minimum and they are certainly not beyond that which our current study on taxation would establish as such.

We are not taking an absolute stand on the proportions above determined. Naturally, it is the combination which we would most prefer, but we would not refuse, for example, a percentage superior to 25 % of personal income taxes, to compensate for a lesser percentage in the case of corporation taxes, or vice versa. Insofar as succession duties are concerned, it is possible that the federal government would like to keep a small percentage for the purpose of verifying other types of taxes. If we can presuppose equivalence on personal income taxes or on corporation income taxes, we would consent to the federal government keeping, let us say, 5 % of succession duties. In brief, for reasons of administrative convenience which we readily understand, succession taxes could be treated in this way. Naturally, the implicit condition exists that the major share of succession duties are henceforth to be collected by those provinces desiring to do so.

It is important, however, that one be aware that the alternatives mentioned here in no way diminish the scope of our fundamental requests in fiscal matters.

b) Equalization payments.

In 1960, we had requested that equalization payments be henceforth calculated on the basis of the per capita yield on personal and corporation income taxes, in that province where this yield was the highest.

Today, our stand on this subject remains substantially the same, except that to help the provinces with less revenue, we believe that the yield for succession duties should continue to be a part of the equalization formula, even though we asked that the federal abandon this field of taxation altogether. As a matter of fact, succession duties constitute an excellent measure of the relative wealth of individuals and, as such, could very logically serve as a partial basis for equalization.

We are indeed very happy to note that the present federal government, in the programme which it submitted to the people last spring, has promised that it would give to the provinces, equalization payments guaranteeing, in joint taxation fields, the same revenue per capita as that which the richest province draws. This clear and unequivocal attitude satisfies us, for it meets one of our fundamental requests. It is also our understanding that the term "joint fields of taxation" automatically excludes revenues from natural resources from the calculation of equalization payments. Here again, there is an improvement over the present formula. We are getting back to the spirit of veritable equalization from which the government of Canada had strayed to an appreciable extent with the arrangements now in effect.

One point, however, has not yet been cleared up. Presently, equalization payments are established on the average per capita

yield of revenues which the provinces may collect from the following taxes : personal income tax at the rate of 17 % in 1963, 18 % in 1964, etc.; corporation income taxes at the rate of 9 % of taxable income by the federal government; succession duties at the rate of 50 % and the average for the last three years of half the revenues from the development of national resources. In the new formula, which we are proposing, this latter type of taxes would disappear. Thus, there remains to be established what percentage of personal and corporation income taxes and of succession duties should henceforth serve as a basis for calculation. We suggest that these percentages should be 25,25 (that is approximately 10 $\frac{1}{2}$ % of the taxable income of corporations) and 100, instead of 17,9 and 50 according to present arrangements"

This was the position taken by Quebec concerning fiscal arrangements in November, 1963. There was no sequel to this. As a matter of fact, the government of Canada was satisfied to release an additional 25 % of succession duties and to change the basis of equalization payments by now using the two richest provinces average instead of the national average to calculate it. Furthermore, it kept intact the percentage of taxes which apply in calculating equalization payments. Finally, it corrected this amount to take into account, up to a point and according to rather technical clauses, provincial revenue derived from natural resources.

This new method of calculating fiscal arrangements gave Québec an amount which, although far inferior to its minimum requests, represented almost half of the added total revenues which the federal government was willing to release. However, as we have just said, the amounts in question are far from sufficient to meet the priority needs of Québec in the fields which come under its jurisdiction. Those received by the other provinces are probably also insufficient and for the same reasons.

Furthermore, even though the calculation method adopted in November has corrected an injustice of which Québec had been the victim following the fiscal arrangements of 1962-67, it has also given rise to dissatisfaction in some other provinces.

It may thus be said that the problem of fiscal arrangements is by no means solved. A matter for urgent action is then to find a genuine and equitable solution - one which takes into account the priority needs of the provinces.

Consequently, Quebec maintains integrally the position reiterated since 1960 - that is, the absolute need for an enlargement of taxation fields represented by the 25-25-100 formula and the equalization payments from these same taxes at these rates, taking as a basis the province where the yield from these taxes is the highest.

Moreover, as the provinces shall as of tomorrow occupy 75% of the field of succession duties, it would be fitting that the tax on donations inter vivos immediately be the exclusive concern of the provinces. The amount involved is not large, but this tax is essential for the effective and efficient administration of succession duties.

- II -

Joint programmes

The suggestions here set forth respecting joint programmes are based on the position that Quebec has frequently stated on this subject and on the position stated by the government

of Canada on the matter .

A - Positions already established

1) The position of the Canadian government

During the past months, the Canadian Prime Minister and several of his colleagues have oftentimes repeated the policy which appeared in the Canadian Liberal Party's Manifesto (1962). This statement of policy reads as follows :

"If some provinces wish, they should be able to withdraw without financial loss from joint programs which involve regular expenditures by the Federal government and which are well established. In such cases, Ottawa will compensate provinces for the federal share of the cost, by lowering its own direct taxes and increasing equalization payments. This will be done also if some provinces do not want to take part in new joint programmes that it may be desirable for the Federal government to initiate with the provinces. In the case of scholarships and university grants, provinces that so prefer will receive from a Liberal government unconditional equal financing".

More recently, that is on March 16, 1964, the Federal Minister of Finance, in his budget speech, stated the following (Hansard, p. 973) :

"If the provinces so wish, we are prepared to transfer to them full financial responsibility for some of these established shared-cost programs of a continuing nature, and to make suitable fiscal adjustments either in a larger share of the direct tax fields or by changes or supplements to, the equalization payments".

Later on, in this brief, we devote a passage to shared-cost programmes of a continuing nature; our position, on these programmes, is to a considerable extent the same as that of the Federal Minister of Finance.

2) Quebec's position

Quebec had decided, since 1960 (July Federal-Provincial Conference), to put an end to joint programmes. This stand was again expressed at the Federal-Provincial Conference of November 1963.

The joint programmes in force have certainly acted as a stimulus to the economic and social growth of the country. In several cases, they have provided a substitute for provincial initiative.

However, conditional grants paid by the federal government to the provinces in connection with joint programmes administered by the provincial governments present all types of difficulties. We understand that when the federal government decides to participate in such programmes, it requires that certain conditions be complied with by the provinces; these very conditions give rise to several complications.

The existence of these joint programmes signifies a loss of efficiency or work duplication and higher administrative costs. The provinces must have a staff whose specific task is to give accounts to Ottawa on the manner these programmes are carried out. The federal government must, in turn, employ officials to make sure that the conditions which it has stipulated have been respected by the provinces. In this connection, Ottawa has often the last word on disputed points.

To this, must be added the fact that shared-cost programmes are generally conceived without prior consultation with

the provinces. By acting in this fashion, the central government does as if it were a better judge than the provincial administrations of the values and the needs of the population. And yet, the provincial administrations have a far superior knowledge of the needs of their own population.

Moreover, we estimate that the provincial administrations, given sufficient financial resources, could henceforth show the same creative initiative and the same efficiency which, in certain circumstances, the federal government may have evidenced.

From an economic point of view, one must note that conditional grants linked to joint programmes represent, in practice, unconditional gifts to the rich provinces. As a matter of fact, it is probable that the latter would, in any case, have provided for their populations the services rendered by joint programmes. From that point on, the rich provinces can free an amount equal to the federal contributions and allot them to items of their own choosing. It is even possible that, circumstances permitting, the conditional grants would

permit these provinces to maintain a lower taxation rate than that which it would otherwise have reached.

In the case of the less wealthy provinces, the opposite could take place. To benefit by federal shared-cost programmes, these provinces must at times reduce other items on their budget to free funds which they need in order to pay their share of joint programmes. Possible financial discrimination ensues in favour of subsidized services to the detriment of those which are not.

The constitutional problem brought up by joint programmes is serious. In practice, the existence of these programmes reduces the initiative of the provinces in the spheres of activity which the constitution recognizes as their own and it even distorts the order of priority which the provinces would like to establish in their own expenditures. Furthermore, most of the time, joint programmes aim at assuming the cost of undertakings which, normally, should come under provincial jurisdiction. However, for easily understood political reasons, it is difficult for the provinces to refuse the grants

linked with shared-cost programmes. These grants thus become a compulsion which, for all practical purposes, places the provinces in a state of subordination vis-à-vis the central government. As a matter of fact, if some of the provinces, because of their constitutional position, do not want to submit to the conditions established by the central government, they are seriously penalized because they are deprived of sums to which their citizens have nonetheless contributed. Above all, it is this situation which, since 1960, has forced Quebec to participate in several joint programmes. However, this participation has always been for us but a makeshift solution while waiting for a satisfactory solution to this problem. We believe that the time has now come to solve this question once and for all.

B - Types of joint programmes and the terms and forms of equivalence.

The principle according to which a province may contract out of joint programmes is clearly accepted by all, but it now remains to decide to what joint programmes and under what

terms and conditions this principle should apply.

In drawing up the terms and conditions of option which it now submits, Quebec took into consideration five possible categories of joint programmes.

1) Joint programmes of a continuing nature in which Quebec is at present participating.

One must note, that certain joint programmes of a temporary nature have constantly been renewed since their inception. Quebec considers these programmes to be "de facto" programmes of a continuing nature. Thus, there are joint programmes that are of a continuing nature "per se" and others that are so "de facto".

In principle, Quebec wishes to contract out of all the programmes of this category, that is to say, among others, unemployment assistance, disability and blindness allowances, old age assistance, winter works, hospital insurance, hospital construction and grants for public health.

Contracting out could be established according

to the following terms and conditions. It would take the form of fiscal equivalence and the application of the option formula would be carried out in two distinct stages :

a) First stage : From January 1st 1965, for example, the federal government would free the personal income taxation field by a given number of points, the total yield of which would be equal to the portion of expenditures effectively incurred by the federal government during the twelve months of the preceding fiscal year, for the financing of joint programmes in which Quebec no longer wants to participate.

At first glance, this equivalence would seem to apply more readily to joint programmes of a continuing nature "per se" than to those that are so "de facto". In fact, the latter can, theoretically come to an end; fiscal equivalence would then apparently lose a great deal of its final character. However, such is not the case, because if the programmes of a "de facto" continuing nature came to an end, the Federal government would naturally have to start thinking about giving

back to the provinces those taxation fields which it had previously needed to finance these non-permanent programmes. It is therefore better to anticipate this situation and establish fiscal equivalence from the very start.

Each year, between January 1st 1965 and January 1st 1967, without changing the principle of equalization, amounts would be added to, or subtracted from, the equalization payments according to whether the fiscal equivalence as at January 1st, 1965, would be greater or less than the expenses actually incurred by Quebec within the framework of the shared-cost programmes of which it would have contracted out.

During this two-year transition period, in order to facilitate the adjustment of the sums spent by Quebec with those that it would receive from the enlargement of taxation fields and from equalization payments if necessary, Quebec would pledge not to change the structure and the functioning of services already provided for in joint programmes from which it wishes to contract out.

b) Second stage : From January 1st 1967, that is at about the time when the 1967-72 fiscal arrangements would come into force, the final fiscal equivalence could be determined in the light of experience gathered and appraised over the two previous years.

Once the final equivalence would have been determined, Quebec would then be free to take the course of action it wishes in the fields previously federally regulated by virtue of the joint programmes. Neither on one side, nor on the other would henceforth adjustments be made by means of addition to or subtraction from equalization payments.

In order to give some idea of what this equivalence would represent in terms of personal income tax, let us suppose that the sums, presently spent by the federal government in Quebec by virtue of joint programmes of a continuous nature from which Quebec wishes to withdraw, amount to \$ 212 million per annum. If we assume that 1% of the tax on personal income in Quebec yields \$ 5.3 million a year, equivalence would take the form of a release by the federal

government of 40 additional points of this tax.

It is, of course, understood that should some other provinces wish to contract out, it will then be necessary to utilize the yield of 1% of the personal income tax as it applies to each of them and not the Quebec yield from this tax, as in the preceding example. The number of taxation points released by the Canadian government could then be different from one province to the other. However, this situation would not present more serious administrative problems than those which exist at the present time as the provincial tax rates on personal income already vary from one province to another. As a matter of fact, in virtue of the present arrangements, the rates of personal income tax imposed by the provincial governments already differ from one province to the next.

If all, or a majority of the provinces, did prefer contracting out to maintaining joint programmes, Quebec has no objection to the yield of the tax on personal income in the province where it is the highest being used as a basis to establish this fiscal equivalence, provided



that the necessary adjustments be made by means of equalization to the level of that province.

We also admit that the method suggested here would be much more easy to apply if withdrawal from permanent-type joint programmes is effected as a whole. This is Quebec's point of view. Contracting out becomes more complex to administer in other respects if each province chooses to withdraw in its own fashion from a small number of joint programmes, without taking into account those from which other provinces themselves wish to withdraw.

2) Programmes of a temporary nature which Quebec has recently joined.

Quebec does not wish, for the moment, to contract out of a small number of joint programmes of a temporary nature which it has recently joined. These are : a) capital assistance to technical education, b) the Trans-Canada Highway, c) ARDA and d) the Centennial of Confederation.

It is obvious that the Centennial of Confederation programme cannot be renewed. With respect to the other programmes,

they will be renewed inasmuch as Québec has not yet obtained the fair and reasonable share of the sums to which it is normally entitled, taking into account its needs and its population. So far as the programmes not to be renewed are concerned, they would call for the application of financial equivalence as previously stated.

Moreover Québec does not wish to contract out of a few other programmes of a very special type which primarily deal with research and projects of a similar kind.

3) Already existing joint programmes in which Québec is not taking part at present.

At present, Québec is not taking part in certain joint programmes which are being carried out in the other provinces but in which it also could have taken part.

4) Future joint programmes.

In the case of future shared-cost programmes, and of those already existing but in which Québec is not participating at present, we would like to be granted financial equivalence which would then be transposed

into an additional freeing of taxation fields taking as a basis for calculation the relative proportion of Quebec's population in relation to the whole of the Canadian population. In other words, if we take the present population and its geographical distribution as a basis, we can consider that the amounts paid out for joint programmes in the rest of Canada represent 71.1% of a hypothetical total that will reach 100% when Quebec receives, in the manner explained above, the 28.9% to which its relative population entitles it. Evidently, it would happen that, under some circumstances, situations may arise where the criterion of relative population will be found unsuitable as a basis for equivalence. It is also possible, in some circumstances, that equivalence cannot always be transposed into an enlargement of the taxation fields. In this exceptional case, equivalence could be converted into additions to the equalization payments to which Quebec is entitled.

In all fairness, Quebec is of the opinion that this option formula should be applied retroactively, not only to programmes only recently established or to future programmes but also

to all those in which Quebec felt that it could not take part in the more distant past because of its stand on constitutional matters.

In the case of these older programmes, equivalence is rather difficult to assess. Several factors must be taken into account. For example, certain joint programmes concern only one province, others involve a type of activity that is foreign to Quebec; others, on the other hand, could have been applied in Quebec.

However, it is possible to establish, in a very approximate way and for certain joint programmes of continuing nature, the sums from which Quebec did not benefit because of its stand on constitutional matters. Thus, in the case of hospital insurance, from 1959-60 all the provinces except Quebec were parties to the agreement; Quebec joined the programme in January 1961. For the sole year 1960, this province did not receive the amount of \$ 60 million to which it was entitled. The same reasoning holds true for unemployment assistance in which all provinces participated as of 1958. Since Quebec joined in 1959 only, it was not able to draw a sum of \$ 8 millions to which its relative population would have entitled it during the 12-month

period which elapsed between the time when the nine provinces participated in the programme and that when this province came in.

The two programmes mentioned here as an example apply to the whole of Canada and it is easy to establish retroactivity by taking into account only the years when Quebec alone was not a participant. The calculation is much more complex for those years when provinces other than Quebec were not participating in the programmes in question. It is also to be noted that, always because of its stand on the constitutional question, Quebec almost never took part in joint programmes aimed at a given region or regional activity while all the other provinces or so, at one time or another, took advantage of such programmes. In these cases, one can only speak of comparative retroactivity.

Be that as it may, provision could be made, once the necessary calculations have been made, for a so-called compensation payment which would permit Quebec to re-establish a certain balance between the amounts to which it would have been entitled and those

which it actually received. Such a payment could be spread out over a certain number of years or be made in a global sum.

5) The Improvement or enlargement of joint programmes from which Quebec would have withdrawn.

Should, for any reason (such as additional services, consolidation, etc...) the federal government improve or widen joint programmes from which Quebec would have opted out, then fiscal equivalence based on relative population would apply in principle. An inverse equivalence would also take place, on the basis of expenses effectively incurred, if the federal government were later on to restrict the scope of programmes from which Quebec would have already withdrawn.

It is obvious then that the equivalence which the provinces would receive in the event that the federal government withdraw its financial participation in joint projects, has nothing to do with the fiscal allotment brought about by our demand for 25-25-100. This is a completely different question. The fiscal

apportionment which is demanded would serve the sole purpose of permitting the provinces to meet their responsibilities and to satisfy needs which have become top priority. Under no circumstance should this fiscal allotment appear as a compensation linked to the withdrawal of joint projects by the federal government.

- III -

Loans to Students

The fact that the federal government offers loans only, and not scholarships and loans to students as, at one time, it appeared that they might do, may, at first sight, appear to be an attempt to avoid the constitutional problem which granting scholarships would have created. Actually, through its control over credit, the federal government appears to be completely within its jurisdiction in granting loans instead of scholarships.

We do not think that such a procedure avoids the constitutional problem. The students themselves felt the same way about it since they have openly opposed the new federal policy.

The difficulty stems from the fact, not that it is a question of loans but rather of loans without interest to students. The loans will be granted by banking institutions with federal government endorsement but the central government will assume the refund of interest charges. In which case, this refund becomes a direct federal government subsidy to citizens for educational purposes. Furthermore, these citizens are students and this is certainly not a mere coincidence but rather the result of a policy to aid education, which belongs to the exclusive jurisdiction of the provinces.

For these two reasons, the Quebec government insofar as it is concerned, cannot accept that the federal programme under consideration be applied in its present form. Moreover we have already set up a service of assistance to students. The scholarships paid and the loans granted each year to students by the government of Quebec represent considerable sums of money. We believe that we are already making a particularly important effort in this field without counting the enormous sums which we annually devote to the other sectors of education. Under the circumstances and in order

to solve the problem presented by the federal policy of loans to students, Quebec requests that the amounts which the government of Canada would have devoted to the refund of interest on the loans granted to Quebec students by chartered banks be handed over to the Quebec government in the form of fiscal equivalence.. In order to establish this equivalence we would accept that account be taken of the relative proportion of the Quebec population. To this amount, it will obviously be necessary to add a sum for bad debts eventualities. This sum, or this proportion of cases of bad debts, has probably been provided for at this point by the government of Canada for the country as a whole.

- IV -

School Allowances

In the last federal budget speech, an extension of the system of family allowances is provided for, to include those aged 16 and 17 who attend school. The allowance considered is \$ 10 per month.

The government of Quebec believes that it is much more a matter of school allowances than strictly speaking family allowances. In our opinion, the federal project aims much more at increasing the length of school attendance than at raising the income of parents, for the benefit of their children, as is the case with family allowances. It is what the federal minister of Finance himself stated in his last budget speech. (Hansard, p. 981).

"A central feature of our policy is to encourage and assist young people to continue their training to fit them for employment. To further this objective we propose that family allowances shall be paid in respect of children aged 16 and 17 years who are attending full-time educational or training courses."

Further on, the minister added (Hansard, p. 982) :

"Teen-agers have faced more difficulty in finding jobs than most adults. This measure is designed to assist and encourage as many teen-agers as possible to obtain two years more of training to equip themselves more fully for the kind of jobs that are likely to be available."

It must be added that this was one of the objectives we sought when, in 1961, we instituted our own system of school allowances. At the

moment, we pay \$ 10 per month of school to all children of 16 and 17 who attend a recognized educational institution.

This allowance certainly had a marked effect on the level of school attendance since, on December 31, 1962, 104,121 students were receiving it in comparison with 122,982 on the same date of 1963. It is expected that over 140,200 students will receive this allowance in 1964.

Between the projected federal programme and the already existing Quebec programme, the coincidence of the amount paid out and the age group concerned is too great not to be similarly reflected in the objectives of these two programmes.

Be that as it may, there can be no question of our giving up the responsibilities that we have already taken in this field because the Canadian government has decided to carry out a policy similar to ours. Nor is it in our plans to permit the simultaneous application of the two programmes. There remains but one solution : fiscal compensation.

That is why Quebec wants the government of Canada, acting in a spirit of justice and of logic, to grant it in the form of fiscal equivalence, the amounts which it would have paid to young quebeckers of 16 and 17 years of age, had the Quebec government not already been in this field. According to preliminary calculations, the amount in question, for the first complete year, is of the order of \$ 15 million which would involve an enlargement of the field of personal income tax of about 3 points.

Moreover, in instituting its programme of school allowances, the federal government is considering reducing, for purposes of federal personal income tax, the exemption which it now grants to parents of students of 16 and 17 years of age. Yet, when we established our own system of school allowances, we did not reduce this exemption for purposes of provincial personal income tax, precisely because we were dealing with school allowances. For its part, the federal government had adopted the same attitude as ours. We hold on firmly for the continuation of this policy. Otherwise, if there were a reduction of the federal exemption, parents of students of 16 and 17

years of age in Quebec, would be penalized and would receive less, on account of the federal government's Intervention, than what they presently have a right to under our own system of school allowances.

- V -

Intergovernmental Cooperation
and Consultation.

In the brief submitted by Quebec at last November's Federal-Provincial Conference, the following statement was found :

"In suggesting in 1960 that a permanent secretariat of Federal-Provincial Conference be established, it was our opinion that with such an organism, federal-provincial meetings and contacts as much at the ministerial level as at that of government officials, would be better prepared and even more fruitful. Furthermore, such a body would establish and maintain intergovernmental relationships on a permanent and regular basis. We reiterate this request, today, because we believe it even more pertinent than ever.

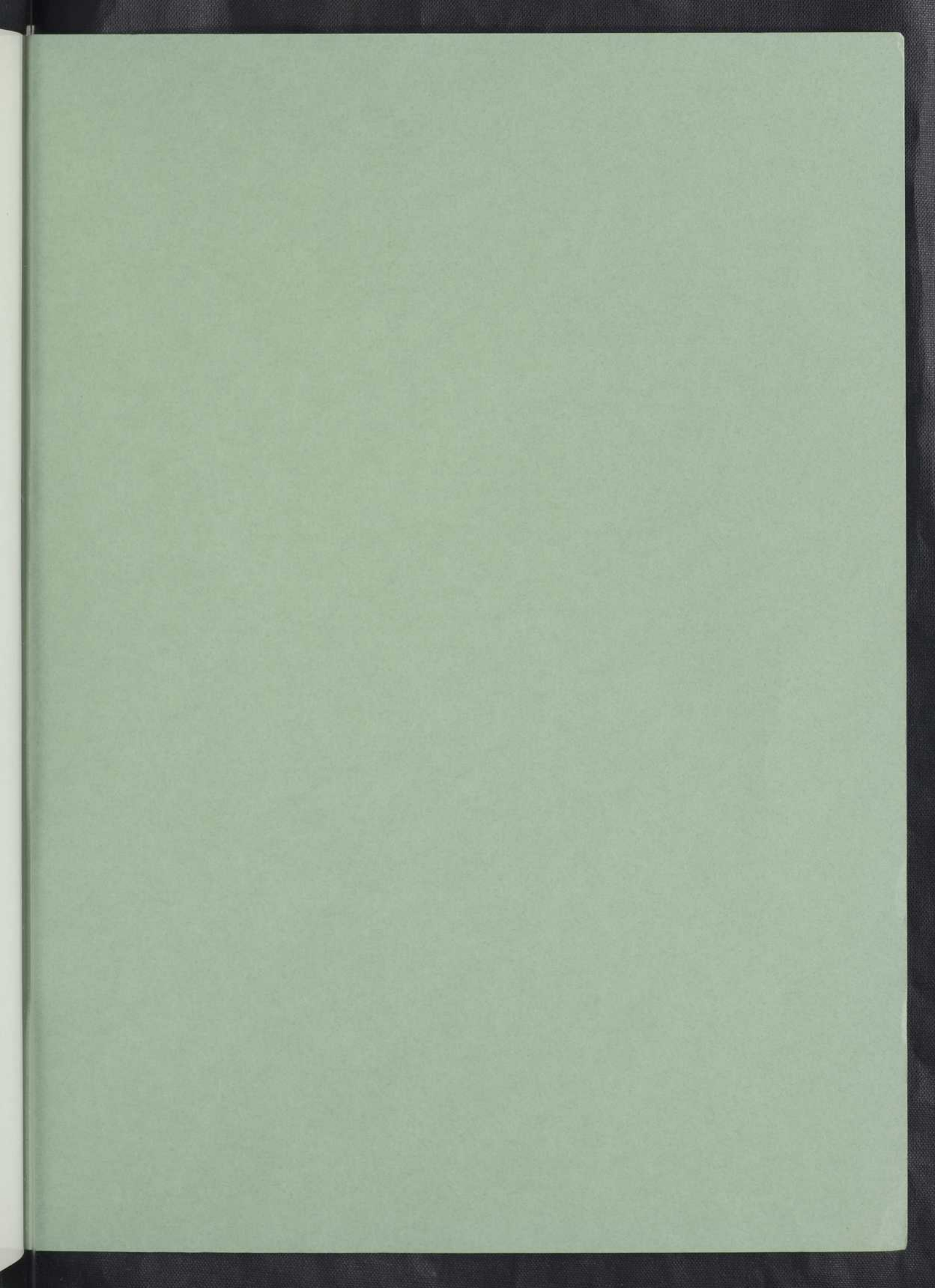
Actually, it is important to institute intergovernmental organisms of which the permanent secretariat of Federal-Provincial

conferences should be the first. Along the same lines, one should also think of a permanent Council of Provinces.

Such institutions have become indispensable. They are probably the only concrete means of avoiding that the provinces be faced with "faits accomplis" or with unilaterally dictated measures without previous consultation between and among themselves and with the central authority."

Quebec's position on the question of
Intergovernmental cooperation and consultation as stated in November
remains unchanged.





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