

OFF
A33A1
A16/C62
A

C



GOVERNMENT OF QUÉBEC

**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
Ottawa, July 19th 1965

*Assemblée nationale
Bibliothèque
Document retiré
de la collection*





Bibliothèque Nationale du Québec

Government of Québec

Statement by the Honourable Jean Lesage, P.C., Q.C., LL.D.,

Prime Minister,
Minister of Finance and of
Federal-Provincial Affairs

**Assemblée nationale
Bibliothèque**

**Document retiré
de la collection**

Federal-Provincial Conference
Ottawa, July 19, 1965.

TABLE OF CONTENTS

I -	Regional Development.....	p. 4
II -	Manpower and Employment Policy.....	p. 10
III -	Canada Assistance Plan.....	p. 16
IV -	Health Services.....	p. 22
V -	Respect of Provincial Legislation.....	p. 26
VI -	Off-Shore Mineral Rights.....	p. 30
VII -	Fight against Organized Crime, and Rehabilitation of Prisoners.....	p. 32
VIII -	Wildlife Protection.....	p. 34
IX -	Arrangements for Liaison and a Permanent Federal-Provincial Relations Secretariat.....	p. 35

The agenda of this Conference is probably one of the heaviest ever proposed for a Federal-Provincial Conference. Not only are most of the questions to be dealt with important in themselves but, taken together, they are likely to have a strong and long-lasting impact on provincial or federal policy, particularly with respect to human resources. For this reason, they will require our most careful consideration.

Before dealing with the various questions on which Québec wishes to make its position clear, we would like to raise three basic points which have a bearing on the agenda as a whole, and which should guide our discussions throughout this Conference.

As the ensuing pages will show, some of the problems on which we shall dwell have already led the Government of Québec, and certainly other provincial governments as well, to take concrete action. For example, we have already taken some steps in the fields of regional development, integration of social welfare legislation, resettlement of labour, and employment policy, while pursuing the studies needed for more elaborate programmes of action. We feel that it is important to stress at the outset the steps already taken in Québec, because they involve areas of provincial jurisdiction in which the provinces are much better equipped than is the federal government to take effective, continuing action. We consider therefore that all such initiatives, taken by the provinces in their own fields, should be taken into account by this Conference.

Second, we must not lose sight of the fact that the Federal-Provincial Tax Structure Committee, several of whose members are attending this Conference, is now at work and that, under its terms of reference, it is to study in depth a number of subjects directly related to many of the questions on our agenda. Although this Conference is in a position to take decisions of immediate or administrative significance, we cannot allow it to serve as a starting point now, or as a justification later, for major policies which, if fixed this week, would necessarily prejudge the Tax Structure Committee's findings. This is particularly true of everything pertaining to the division of fields of activity between the federal and provincial governments, to joint programmes, fiscal arrangements and economic policy generally. We must be consistent about this : either the Tax Structure Committee should carry out its mandate and we should allow it to complete its work, or the Committee no longer seems necessary and it would be better to dissolve it right now. One thing is certain : we cannot continue working on the Committee and, at the same time, act without waiting for the result of its studies.

Québec, for one, wants to see this Committee, which we set up ourselves, go ahead with the important task which it has begun. We therefore feel that it would not be fitting for the Conference which opens today to seek premature solutions to any problem already under study by a body which is to report to us.

Finally, we in Québec have always believed, and we are more firmly convinced than ever, that one of the basic problems

confronting us is the redistribution of tax revenues between the Government of Canada and the provincial governments.

As we have repeatedly pointed out at previous conferences, the provinces have priority rights and needs. They are required to meet growing and very costly obligations in all fields within their jurisdiction : education, health, social welfare, roads, regional development, to name but a few. In the past few years, the Québec Government has had to assume heavy responsibilities in all of these fields; even now, it is preparing plans for new programmes required by its people; their implementation is being delayed, and may even be jeopardized, by inadequate revenues, as a result of a tax sharing still too heavily weighted in favour of the central government. True, the federal government has increased the provinces' share of certain tax fields in recent years; Québec maintains that the new distribution still falls far short of its financial requirements for matters within its jurisdiction. For several years running, the municipalities, school commissions and the Québec Government itself have had to raise a number of existing taxes and impose new ones. Just last spring, when we were forced to resort to this drastic action, the federal government was in the fortunate position of being able to offer some relief to Canadian taxpayers. It is not Québec's intention to criticize the decision taken by the Government of Canada; the point is brought up merely to show that the problem which will require a solution in the coming months is the overhaul of tax sharing arrangements, a matter now being studied by the Tax Structure Committee. This is much more urgent than starting new programmes initiated by the federal government in areas under provincial jurisdiction.

- 1 -

Regional Development

For several years now, governments have been increasingly inclined to promote or maintain economic growth by various measures based on regional development. Such measures, used as complements to the well-known techniques of fiscal or monetary policy, are designed in most cases to develop areas which, due to causes which can and should be remedied, remained unaffected by general progress even in times of booming economy. Considered in this light, regional policies are part of the weapons of war on poverty; but in a broader sense, they are also means of action intended to encourage the balanced economic growth sought by every modern society.

In order to be effective, all such policies must satisfy three conditions : first, they must be tailored to the specific needs of the regions involved; second, they must be applied by the government in the best position to carry out this important task; finally, they must take into account the over-all economic and social policy of the government of the province in which the regions concerned are located.

Adapting the instruments of action to Québec regional requirements seems difficult to us, if attempted at the central government level. The area of Québec alone is greater than that of every European country but one, and its resources vary widely from one region to another. Regardless of the intrinsic value of regional measures planned by the

federal government, there is a good chance that they will be based on criteria which frequently have nothing better to recommend them than the fact that they apply indiscriminately and without exception to every province in Canada. We fully understand the grounds for the Government of Canada's decisions in such cases, but we doubt the efficiency of the measures which stem from them. At times, some of these measures may even work to the advantage of already developed areas, at the expense of the outlying regions.

The Québec Government controls nearly all the jurisdictional fields which form the concrete basis for any regional policy : resources development, municipal institutions, roads, and so on. Furthermore, for administrative and sociological reasons, it is much closer to its population than is the Government of Canada. This means that the Québec Government and the agencies which it may create are in a much better position than the central government to implement a truly effective regional policy.

Québec's objectives are no secret. While we acknowledge the economic interdependence of regions, provinces and countries in today's world, we are attempting, by every means at our disposal, including use of the public sector as a lever, to get our people to take an active part, directly or indirectly, in the development of their territory. Due to complex factors, such participation has not been adequate in the past, and we are set upon making it so. Another of our objectives is to raise our citizens' standard of living

by coming to grips with the problem of regional inequality, among others. In this respect, Québec shares the concern of the other governments.

In all this, we cannot act in isolation, disregarding both the economic decisions of other governments and the outside factors beyond our control. It seems obvious to us, therefore, that any regional policy for Québec, though essentially designed in terms of our own requirements, must take into account the policies of the rest of the country, without prejudicing the objectives of Québec's people. Such are the dictates of efficiency.

Within a few months, we expect to be able to announce a coherent regional policy on which we have been working for some time. Our economic policy has, in fact, just moved into a second phase. During the first phase, we started giving Québécois the necessary tools : the General Investment Corporation, public ownership of electricity, the Deposit and Investment Fund and others. We shall continue on that course, but our future policy will have an added dimension : regional action. Among other tasks, our Economic Advisory Council has been working on a programme for regional action for several months, in close co-operation with the departments concerned.

There is a federal policy on "designated areas", but we have serious misgivings as to its true effectiveness, despite its proposed improvement. Thus, we feel that the use of fiscal or other

incentives in certain designated areas cannot properly be called "regional policy". In our opinion, these are at best incomplete measures which, even though they might be useful, fall far short of the expectations of people who want to see the rational development of each region along the lines of its own economic potential, and according to the needs and aspirations of its population. The limited scope of the measures planned by the federal government is largely attributable to its inability to use means of action which belong to the provinces.

For the present, however, and while the measures which Québec has in preparation take shape, that is for one year, we shall co-operate in those which the federal government intends to put into effect.

In the meantime, we agree to allow the measures now proposed to continue in force until their normal expiry date, for such enterprises as may take advantage of them between the time when they are put into effect and the date of implementation of our own policy, to the extent of course that our future policy may differ from present federal proposals.

As soon as it is able to do so, the Quebec Government will itself determine, using its own criteria, exactly where it wishes to apply a "designated area" policy or any other technique for regional development or fighting unemployment. The decisions might then be

completed or detailed in discussions with federal representatives. But, we insist that the grants or tax differential which the federal government has applied to date under its "designated area" policy, or which it intends to apply in provinces which endorse the new federal proposals, be available to Québec, even if in the future we ourselves designate the areas to be affected by such policy.

Naturally, we understand that this will raise a number of technical problems; we are prepared to discuss them in due course with federal representatives.

For the federal government to adopt an attitude contrary to the one which we have just stressed would be tantamount to depriving the provinces of the use of means for regional action, thereby preventing them, at least in part, from playing their rightful role in this field. Any such course would lead us to challenge much more than the current distribution of sources of revenue between governments in Canada : in fact, this would be an additional reason to make a thorough reexamination of the degree of control over corporate income tax which should be exercised by the federal and provincial governments respectively. The study of this question, at any rate, comes within the terms of reference of the Tax Structure Committee and we do not want to prejudge its conclusion.

We are also in the process of setting up the administrative machinery which will be required to apply our regional policy. We feel that, from now on, all federal action having to do with Québec regions

should normally be taken through these channels, once Québec has approved the objectives sought and the means used. Failing this, there is a danger of policies based on different assumptions cancelling each other.

Since, in the final analysis, we are all working towards the same goal, to improve our citizens' standard of living, there is no reason why we cannot reach agreement on these questions. After all, we do not intend to offer passive, negative resistance to federal action, which can be of service in itself; instead, through our government, we intend to combine Québec's regional policies with the economic policies of a different category which the federal government is in a better position to carry out.

In the field of regional policies, as in many others, it is important to avoid setting up services whose very existence is in defiance of the constitution, and to abide by the rule against dual control in the interests of administrative efficiency.

Manpower and Employment Policy

In theory, any measure which helps to restore unemployed persons to the labour market is certain of a welcome from everyone who realizes its economic, social and human benefits; in practice however its implementation may raise unexpected difficulties.

Last May 19th, the federal government disclosed the details of a financial assistance programme for unemployed workers, under which loans and grants for moving and resettlement will be made available to people who have been out of work for four months, provided they have completed a training course for the unemployed. The programme will be administered by the National Employment Service.

This measure, aimed at promoting greater labour force mobility, is part of a federal policy on employment and manpower; there are already federal measures designed to provide vocational training to workers, to combat the ill effects of automation and increase the mobility of skilled labour, and to favour labour-management co-operation. The new programme, which fits into this general policy, is to be carried out by federal machinery and agencies.

Incidentally, it is worth noting the parallel between the federal government's latest proposal and a measure advocated and implemented by the Société de reclassement des travailleurs de l'amiante (Corporation for Resettlement of Asbestos Workers), which was set up after a mine shut down in Thetford, in close co-operation with Québec's

Labour, Natural Resources, Family and Social Welfare and Education Departments. This experiment has been a complete success and is a source of inspiration to those who, in Québec, are now devoting their efforts to forging the tools which we still lack in this field.

Naturally, the Government of Canada is backing its entry into this field with the very substantial resources which it always has at its command. In the context of federal-provincial relations, therefore, the federal initiative raises the whole question of manpower and employment policy which is so important to us in Québec.

This is an area in which Québec has not yet begun to take the economic and administrative action which it found possible to apply in other sectors. However, in this, as in regional development, it is our intention to put into its final shape the manpower and employment policy on which we are now working; once it is ready, we shall be in a better position to provide for our own needs, through improved direction of Québec's economy. Seen in this light, both employment policy and regional development policy appear to be instruments for effective economic planning; in any case, both instruments are among those over which the provincial governments have jurisdiction, and Québec has every intention of making full use of them in due course.

Obviously, if the federal government were to manage to hold all the resources and instruments for controlling the movement, training and allocation of manpower, it could cause the provinces to

miss or fall much short of the objectives which they have set for themselves. For instance, if it were considered to be in the national interest to develop an already heavily industrialized area, workers would be encouraged to move towards this pole of attraction and, as skilled labour is channelled to it, industry would be even more inclined than before to locate in the area. Such a policy, then, would run counter to efforts towards industrial decentralization.

It will obviously be some time before Québec's employment policy can be put into practice. Some of the surveys undertaken are not yet completed; but others are, particularly in the field of seasonal unemployment.

As Québec gradually assumes its responsibilities with respect to manpower and employment, it will become necessary not only to make substantial changes in federal measures already in force, but also to arrange for extensive co-operation between such administrative agencies as Québec may set up and those existing at the federal level. Thus, the joint vocational training programmes in which Québec still participates will eventually have to be re-assessed in relation to Québec's manpower policy; this will probably also hold true of the operation of the National Employment Service.

Even so, we would like to call attention right now to some possible dangers inherent in the unemployed labour mobility policy advocated by the federal government.

This policy seems to be based on the assumption that Canada should form a single labour market. The fallacy of any such assumption is shown by the very size of our country and by the regional differences encountered in travelling across it. As for Québec, there are also cultural and social factors which set our province apart as a distinct labour market; it is nothing more than healthy objectivity to take these factors into account. For example, it is difficult to obtain any mobility of skilled labour which would be favourable to Québec if the workers involved are English-speaking; similarly, it is difficult for Québec's unskilled workers to take up employment in other provinces. Thus, in a system which promotes labour mobility, and in a situation where certain centres of attraction are located outside its territory, Québec may have to cope with a continuous loss of skilled personnel, coupled with an attendant increase in the relative size of its unskilled labour force.

Furthermore, even under the best system which could be devised to encourage Canada-wide labour mobility, the basic obstacle faced by a French-speaking citizen planning to move from Québec to another province would still stand, this obstacle being the difficulty, if not the impossibility, of having his children educated in his own language. Until that barrier has been removed, any talk of mobility of labour between provinces and of plans to that effect will seem illusory, at least to French-speaking Québécois.

Moreover, since the federal government apparently intends to make its labour mobility policy Canada-wide, it may in the

process add to our social responsibilities while depriving us of skilled labour, in some regions at least. By and large, the unemployed persons who now require welfare assistance are actually those least likely to qualify for federal aid, because they will have a hard time meeting the conditions for benefits under the programme. At the same time, those who can meet the conditions will be helped to move. On the one hand, this will compel Québec to support those people who need the most help in order to return to gainful employment; on the other hand, Québec will have to face the possibility of losing those people who can be most easily rehabilitated.

The opinion just expressed on the federal government's unemployed labour mobility policy is not final and may be changed in the light of experience. It is primarily intended to call attention to certain dangers, and to Québec's special situation in this respect.

Getting back to matters of immediate concern, Québec urges that the National Employment Service's statistical and other data should be made available to our Labour Department which, because of its possible influence on the Québec labour market, has a role of its own in the direction and re-employment of the unemployed. For this reason, in co-operation with other provincial bodies, it is now busy preparing a manpower policy which it would like to base on factual knowledge of Québec's social and economic situation. Analysis of the National Employment Service's statistics would make it easier to obtain such knowledge and would spare our Labour Department the task

of collecting data already in the hands of the federal government. For a long time now, Québec has kept the federal government supplied with exhaustive statistical material for purposes of comparison between provinces. In the war on unemployment, in which co-operation by both levels of government is imperative, wouldn't it be proper for us to receive, in detail, all information already collected on the Québec labour market ? It would be unfortunate and hardly justifiable if people were deprived of employment through incomplete exchange of information between federal and provincial bodies.

Québec also believes that, in its case, the measures announced on May 19th, namely loans and grants for moving and resettlement, should be administered by the federal government on a strictly temporary basis, in fact just for the time needed to set up the Labour Resettlement Service which is planned by our Labour Department. Thereafter, this responsibility would forthwith be handed over to the government to which it appertains, together with the fiscal compensation required for its adequate discharge.

- III -

Canada Assistance Plan

Three fundamental principles guide Québec's thinking on social security. First, Québec feels that the various social security measures should be designed and administered in the perspective of a true family approach; second, it considers social security to be an area of provincial responsibility on constitutional, cultural and practical grounds; finally, Québec believes that, without renouncing its responsibilities, it is necessary to keep the benefits under its social security legislation at a level at least comparable with that prevailing in the country as a whole, and at a higher level if possible, if its citizens' needs so require.

Proceeding from these principles, after correcting a number of obvious shortcomings and creating a Department of Family and Social Welfare, the Québec Government undertook to re-orient its social assistance system. In order to do this, it carried out a comprehensive critical study of assistance measures and their administration. Relying on the findings of that study, it is now moving ahead with a philosophy of social assistance based on the family, an administrative reorganization, a policy aimed at rehabilitation of assisted persons and families, and the systematic use of pilot projects, particularly as regards the resettlement and rehabilitation of persons receiving social assistance.

The task begun is far from being completed; as a matter of fact, it is barely under way in some sectors, because all changes in social assistance matters must allow for the complex interplay

between the action of economic factors and that of the State.

As everyone knows, in order to exercise its full jurisdiction, Québec has opted out of several joint programmes in return for fiscal compensation. In this category are programmes providing for assistance to disabled persons, the blind, persons aged 65 to 69 inclusive, and part of the unemployment assistance programme. We are now in a transition period which will end no later than 1970.

These four social assistance measures will eventually be embodied in the Canada Assistance Plan which the Minister of National Health and Welfare proposed to the provinces last April 8th and 9th. Some comments are called for on this subject.

It is also the intention of the Québec Government to combine all of the components of its social assistance programme in a single piece of legislation; in fact, it was the first to make this intention public several months ago. Therefore, we naturally approve the principle adopted by the federal government. We consider, moreover, that the establishment of rates of assistance according to a needs test is a step towards improving social assistance in Canada.

However, the social assistance measures which the federal government proposes to combine just happen to be those for which we have exercised our right of opting out. It follows, therefore, that while endorsing the principle advocated by the central government, Québec will apply it itself, outside of any joint programme. We are

pleased to note that the federal minister concerned has made provision for that case.

This much having been said, and even though the administrative principle of combining social legislation appears commendable to us, it is nevertheless possible that the reorganization and grouping of the various social measures for which we are responsible may take a decidedly different course in Québec. As already stated, the Québec Government intends to give a distinct family turn to its social assistance, in order that it be better adapted to the needs of its people. Should several or all provinces in Canada move in another direction, we might, in the long run, be led to develop a social assistance programme which will gradually tend to differ, in design and administration, from the plan in effect elsewhere. This should not be taken to mean that we shall inevitably introduce a series of new social measures completely unrelated to those which may exist in Canada. Because of the interrelationship which prevails between Canadian provinces, we are inclined to believe that these measures will be comparable, without necessarily being identical. We might also add that, even though we exercise our right to contract out, we shall continue taking an active part in federal-provincial conferences on social security. It is always helpful to exchange views and compare experiences.

In order to make the shared-cost programmes system more flexible and to improve the administration of social security and the quality of the personnel responsible for it, the federal government proposes to set up a joint examination of programmes and administrative

practices and to share with the provinces the salaries of certain officials appointed to specific charges, particularly in the field of social rehabilitation. Québec admits the grounds for the federal government's concern about these questions, but is not prepared to allow it to move into a sector in which it is now inactive in Québec, especially at a time when we are making every effort to resume our rightful constitutional and social responsibilities. The reasons which caused Québec to withdraw from the joint programmes apply to the proposed examination as well: we cannot agree to any such procedure because, in the final analysis, it would amount to recognition of the federal government's right to oversee assistance measures which we consider to be within our own competence. We therefore see no reason why Québec should have to submit its administrative programmes for federal government approval, nor do we see how we could allow it to pay part of our public servants' salaries. While this might provide a means of reducing the inflexibility of agreements which have governed the administration of "categorical" assistance programmes so far, it would involve us in a system of direct or indirect administrative supervision every bit as unacceptable as the inflexibility which it is intended to eliminate.

To those provinces willing to accept the proposed plan, the federal government will make available additional funds, which Québec cannot agree to accept on such terms. Still, in other respects, we feel that it would be unfair to deprive Québec of the funds thus offered to the other provinces. In this case, as in the others,

a method of compensation will therefore have to be found, based on something other than identical administrative standards and objectives. While our standards and objectives may be the same from time to time, we cannot undertake to keep them identical. Québec is just as convinced as any other province of the importance of constantly improving welfare services and of retaining qualified personnel. We believe that we have proved this over the past few years, and we intend to go on proving it. If this is not considered sufficient justification for payment to Québec of funds which would be forthcoming if it agreed to comply with the federal standards, other bases for compensation can be found: the Québec Auditor's report, the text of our laws or a study of the increase in our administrative costs, just to suggest a few.

These are obviously new methods, which may never have been used before. However, we are entering a period in which the federal government will have to give an increasingly free hand, together with increased compensation, to the provincial governments, especially in fields which they are more able to occupy and which fall within their jurisdiction. Although Québec is prepared to co-operate with the other provinces and the central government in social welfare, as in other fields, and even though it will, on occasion, adopt common administrative standards and practices, it is unwilling to allow such standards and practices to serve, to all intents and purposes, as the basis for further conditional grants. Having attempted to put an end to the system of joint programmes in areas under its jurisdiction, it cannot logically give consideration to restoring the system in another form.

- IV -

In short, since there has to be a degree of co-operation between the two levels of government, we are prepared to do our share, but not in any way which would imply recognition of rights or privileges which the Government of Canada does not have. Instead, we believe that federal-provincial meetings and interprovincial discussions are sufficient to maintain the necessary compatibility between our different social security measures.

Several months ago, the Quebec Government formed a study group and instructed it to compile and organize all relevant documentation on medical insurance, commonly referred to as medicine. This documentation will be submitted to a joint committee of the Legislative Council and Legislative Assembly, which will meet during the next session of the Quebec Legislature, and make recommendations thereon.

Our reason for doing this is that we finally intend to provide our citizens with a comprehensive medical insurance plan, under Quebec's own jurisdiction and adapted to its own needs. When our plan is introduced, it will be operated outside any joint federal-provincial programs, in line with our general policy of working out in all areas within our competence, and to which we believe we can act more effectively than the central government. Of course, in determining the medical insurance plan best suited to Quebec, we shall take into account all previous studies and past experience with various schemes, as well as the report of the Royal Commission on Health Services.

- IV -

Health Services

There is no question that Canadian citizens are now experiencing a growing need for better protection against the financial risks of illness. Although hospital insurance and other public health measures were a step in that direction, we are now familiar with the limitations inherent in programmes of this type. Similar limitations apply to private health insurance plans.

Several months ago, the Québec Government formed a study group and instructed it to compile and analyse all relevant documentation on medical insurance, commonly referred to as medicare. This documentation will be submitted to a joint committee of the Legislative Council and Legislative Assembly, which will start working during the next session of the Québec Legislature, and make recommendations later on.

Our reason for doing this is that we firmly intend to provide our citizens with a comprehensive medical insurance plan, under Québec's own jurisdiction and adapted to its own needs. When our plan is introduced, it will be operated outside any joint federal-provincial programme, in line with our general policy of opting out in all areas within our competence, and in which we believe we can act more effectively than the central government. Of course, in determining the medical insurance plan best suited to Québec, we shall take into account all previous studies and past experience with medicare elsewhere, as well as the report of the Royal Commission on Health Services.

Québec's decision in this matter rests on the acceptance of our obligations to our citizens and on the necessity to exercise our rights; it is not guided by any desire for isolation; it has still less connection with any strategy aimed at inducing each province to establish a programme completely different from that of the others, which would make it relatively easy for private interests apprehensive about medicare to play one province against another in order to postpone, or even prevent, its introduction in Canada. In other words, we believe that the exercise of provincial jurisdiction in this field should not be an obstacle to the establishment in the Canadian provinces, under the administrative system best suited to each, of a medical insurance plan providing the fullest possible coverage. We are not saying this in an attempt to tell the other provinces what course they should take; we are merely voicing what seems to us to be the almost unanimous will of the people, both in Québec and in the rest of Canada. In fact, medicare may be one subject on which there is most agreement among Canadians generally, regardless of their ethnic origin.

This brings us to the role which the federal government can play in medical insurance. Let it be clear from the outset that constitutional jurisdiction in this field lies with the provincial governments. For reasons of their own, which we respect, some provinces may prefer to rely on the federal government, either by complying with its standards or by joining in a shared-cost programme. By now, everyone knows that Québec does not intend to proceed that way.

However, the federal government can make it easier for the provinces to exercise their constitutional powers, for example, by rectifying the present system of sharing revenue sources in Canada. Thus, and this is suggested for purposes of discussion only, it might release a number of points of the tax on personal or corporate income to provinces intending to set up their own comprehensive medicare plan. For the moment, we do not know what fiscal abatement would be involved, but it might very well represent part, say half, of the cost to each province of a medical insurance plan providing the same services as the plan recommended by the Royal Commission on Health Services.

We take the Royal Commission's recommendation as an example because it advocates a plan covering a group of services which Canadian citizens appear to want at this time; however, it is not our intention to rule out any other basis of calculation.

It would be understood that, under such a system of fiscal compensation, the federal government would not determine either the administrative standards governing medical insurance, or the services provided, or the method of additional financing to be adopted by the provinces. The fiscal abatement to which we refer here would be earmarked for medical insurance and would thus become the central government's contribution to the establishment of this programme in Canada. The programme itself would be set up by those provinces which feel capable of assuming this responsibility, and would be operated in accordance with standards determined by them.

It will be clear from the foregoing that, apart from our desire to set up a provincial medical insurance plan in Québec, there is nothing final about our suggestions. They merely indicate the spirit in which we approach this matter and should be taken as a contribution to the discussion to be held in the coming months on medicare in Canada. What is more, as we pointed out at the beginning of our brief, it is imperative that we wait for the findings of the Tax Structure Committee before committing ourselves to any course as specific as the financing of a complete medical insurance plan.

Thinking along the same lines, we understand that the proposal by the Minister of National Health and Welfare to include, as an expense to be shared by the provinces and the federal government, the cost of medical care for indigents in receipt of unemployment and public assistance, is a stopgap measure which will eventually be modified following the introduction of a comprehensive medical insurance plan. We want it quite clear that this decision is not to be interpreted as a precedent for the medical insurance plan proper.

On that condition, Québec is willing to have the cost of medical care included in unemployment assistance and public assistance costs from now on; this has no effect whatsoever on Québec's position on opting out in return for fiscal compensation. In other words, the federal share for additional unemployment or public assistance costs relative to medical care for the indigent would take the form of an increased fiscal abatement for Québec.

- V -

Respect of Provincial Legislation

Sound practice of federalism requires that each government respect the jurisdiction of the other legislative authorities. In an era when interdependence is as pronounced as it is today, however, respect of mutual competence is not the only condition for harmony between governments. Thus, even when legislating in fields within its own jurisdiction, each government should be concerned with the repercussions of its decisions on the others' plans and on the orderly conduct of the country's affairs in general. In our opinion, a government may not do exactly as it pleases simply because it has legal authority in a given field. Instead, in the interest of administrative efficiency and the search for genuine solutions, it must see that its actions are compatible with those of the other legislative authorities, and do not infringe on their rights and privileges. In short, the legality of an act should not be the only criterion; it is also important to weigh its timeliness and repercussions.

In this connexion, the Québec Government believes that it is high time to put an end to the tendency of the federal government to make excessive use of what is known as its "ancillary power" in order to encroach upon fields normally under provincial jurisdiction. Thus "grey areas" so-called are artificially created, where the central government attempts to cover up by a semblance of right its intrusion into matters which should remain exclusively provincial prerogatives. Whether the procedure involves the creation of departments or other bodies in fields which, like forests or natural resources, belong to the provinces

alone, or the adoption of legislative measures on subjects which, like working conditions, are generally provincial responsibilities, it always results in a duplication of standards and administrative controls. Above all, it results in a situation where the federal government, even though its powers are limited, is in a position to set the pace and call the tune for the provinces, and even to commit them to expenditures which upset the order of priorities which they have set for themselves. In a nutshell, the federal government manages in this way to take the initiative, even in fields which are not normally within its jurisdiction.

The Québec Government believes that, instead of favouring the creation of new "grey areas", we should endeavour to eliminate those already in existence. In any event, we are dead set against federal laws taking the place of provincial laws, on any pretext whatsoever. We feel that it must be clearly established as a basic principle of our federal system that the exceptional powers of the federal Parliament are to remain exceptional, and that their use must be limited to particular cases. We have no objection, in certain very special cases to be so defined by common consent, to federal laws supplementing provincial enactments which may fail to cover specific persons or situations. Thus, it is proper for the Government Employees Compensation Act to make federal employees subject to provincial Workmen's Compensation Acts, or for the Motor Vehicle Transport Act to put interprovincial trucking operations under the supervision of the various provincial transport boards. However, it is imperative that any such law remains essentially complementary and that it does not take the place of any provincial law. The fact that

certain activities, such as banking and wheat marketing, are subject to federal regulation, does not mean that banks and flour mills should be exempt from compliance with provincial legislation on labour relations or working conditions. The provinces have full jurisdiction to regulate the legal relationships of every private enterprise operating in their territories, and that jurisdiction must be fully respected by the central government. It must at least be so in Québec. If other provinces have no objection to extended use of federal powers, it must be quite clear that Québec intends to be exempted. In Québec, every private enterprise doing business within the province must submit to its laws.

In future, we want to see the principle just stated respected to the letter. This must apply, in particular, to supervision of private pension plans, a field in which the central government recently announced its intention of intervening, merely to adopt the uniform standards agreed upon by the larger provinces and to have them administered - at least, that is the logical supposition - by the various provincial agencies. Here we have a typical case : the federal government's aim is to control the terms of a private contract which is plainly a property and civil rights matter.

In addition, it is a matter on which the provinces have cooperated in order to adopt uniform rules. Seen in this light, it would be unthinkable for the central government to move in and cause the administrative duplication which the provinces have got together to eliminate. Such legislation, we feel, would be pointless and would

needlessly impede the normal application of provincial laws and undermine the concept of interprovincial co-operation. Québec would consider it really absurd if the federal government, which has used the multiplicity of provincial standards as justification for its intervention in the past, should now use the uniformity achieved by the provinces as a pretext to interfere more easily. Interprovincial co-operation in fields under provincial jurisdiction should make any intervention by the central government superfluous, not easier.

As for the duplication which arises in Québec from the existence of certain federal laws and established federal agencies, we are making an analysis of it and we shall have recommendations to submit in due course.

- VI -

Off-Shore Mineral Rights

The question of off-shore mineral rights has already been raised at our last conference. All the provinces concerned were then of the opinion that it should be settled by way of negotiation, and they firmly opposed the federal government's intention to refer the matter to the Supreme Court of Canada. At our last conference, therefore, there was disagreement not only on the substance of the problem, but also on the method of settling it. In the circumstances, we believed that the first step to take was to reach agreement on the procedure and that, in the meantime, each side was to respect the status quo.

Instead, the federal government chose to take advantage of its privileged position in relation to the Supreme Court in order to impose its own procedure. It even tried to use shock tactics on our province by granting, for the first time, an exploration permit covering that part of the Gulf of St. Lawrence which belongs to Québec.

This procedure, which we consider unacceptable and without justification, threatens to undermine any confidence which we might have in Prime ministers' and Premiers' conferences, and to destroy the delicate structure of intergovernmental consultation. Besides, it threatens to place our court of final appeal in a difficult position and to arouse controversy over its role and functioning, because, as we see it, this is an attempt to make a legal question out of what is essentially a political question. It all boils down to deciding whether off-shore resources are to be exceptions to the general rule of the provinces' right to natural resources.

Outmoded ideas which held that territorial limits ended at this or that point off-shore mean very little to Québec's people, as the solution to this problem should be sought on the basis of the possibilities of modern technology. Accordingly, Québec is not prepared to allow this question to be decided by the courts; it must be settled by political negotiation.

We deplore that, on such an important issue, intergovernmental consultation should be overlooked. Therefore, we urge the federal government to withdraw its reference to the Supreme Court concerning British Columbia, and to revoke the permit granted in the Gulf of St. Lawrence. We ask that the situation be restored to what it was at the end of our last conference, and that it be kept that way until agreement has been reached on the method of settling the dispute.

- VII -

Fight against Organized Crime
and Rehabilitation of Prisoners

Québec has no hesitation in assuring this Conference of its full and unreserved co-operation in combatting organized crime. Not only are we prepared to welcome any suggestion from any government and to take an active part in any common action which may be agreed upon, but we also believe that it would be advisable to set up a federal-provincial body designed for effective centralization of information and co-ordination of police action.

As regards the rehabilitation of prisoners, Québec's main purpose in asking to have this question placed on the agenda was to draw attention to the fact that any fruitful action in this field will require close co-operation between the federal government and the provinces. Canada's Minister of Justice recently announced the formation of a committee to study this question; it is not however the first committee of its kind. Less than ten years ago, the Government of Canada received the Fauteux Report, one of whose chief conclusions was that hardly anything could be accomplished in this field without the closely concerted action of both levels of government. Unfortunately, too few things have changed since that report was published, and not enough effort has been made to obtain the necessary intergovernmental co-operation. To some extent, the federal government's unilateral decision to set up a committee can perhaps be explained on grounds of speed and administrative expediency; but, we insist on the fact that, in order to succeed in its task, the committee will have to take into account the

provinces' jurisdiction in this field and, in addition, to receive the co-operation of the competent provincial organizations. Québec has no intention of relinquishing its responsibility to those who, for any reason whatsoever, have had to be kept temporarily apart from society. We are ready to co-operate with the federal government in a long overdue improvement in the field of rehabilitation of prisoners, but we wish to emphasize that any policy arrived at without our participation stands a very good chance of remaining a dead letter, at very great cost to all victims of the present system.

- VIII -

Wildlife Protection

The problem of wildlife protection was studied at the last meeting of the Canadian Council of Resources Ministers.

In our opinion, wildlife management should form an integral part of a comprehensive plan for forest management. Québec has no intention of transferring to the federal government its jurisdiction over game animals, and it will continue to administer fisheries management. On the other hand, wildlife research should be carried out within the framework of all-inclusive resources use planning. Any Canada-wide co-ordinating action in this field should accordingly come under the Agricultural Rehabilitation and Development Act, and not under new legislation. Provided these conditions are met, Québec is ready to assist in co-ordinating efforts on a national scale.

- IX -

Arrangements for Liaison and a Permanent
Federal-Provincial Relations Secretariat

Québec's attitude on the question of intergovernmental co-operation and consultation, as expressed at the federal-provincial conferences of July 1960, November 1963 and March 1964, has not changed as regards the urgency of setting up permanent instruments for liaison, co-ordination, co-operation and research, or of adapting for that purpose certain administrative structures already existing in the field of intergovernmental relations in Canada. In our view, it would be important to give all-embracing scope to any such administrative machinery, which should not be limited to this or that aspect of federal-provincial relations, but should be concerned with over-all policy.

Despite the determined stand which we have always taken on this matter, we are prepared to recommend to this conference that we await the Tax Structure Committee's findings, because this whole question comes within the terms of reference given to the Committee in March 1964 and is now being exhaustively examined. In our opinion, the Committee should weigh the experience acquired by the provinces in the many fields in which they have co-operated, as it might prove very rewarding and helpful in the creative work which is now imperative.

BNQ



000 174 843

