

provincial debt in the fiscal year ended nearest to Dec. 31, 1940 (not including contributions to sinking funds), less the revenues obtained by the province from succession duties in the said year. The agreements further provide for the payment of additional subsidies to Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Prince Edward Island aggregating \$3,234,437. (See also p. 828.)

The total amounts of the above described annual payments to the provinces provided for under the Act are shown in the table below. It is provided, however, that in any year there are to be deducted from such payments any net collections (after refunds to taxpayers and certain collection charges) made by the provinces on account of the taxes renounced in favour of the Dominion. The agreements limit the aggregate amounts that may be so deducted. In each case an amount equivalent to the deductions so made is to be paid to the province within thirty days after the termination of its agreement with the Dominion.

In addition, the agreements provide that the Dominion shall pay, with respect to each year of the agreements to each province, the amount by which the net receipts from gasoline taxes for said year are less than the amount received from this source in the fiscal year ended nearest to Dec. 31, 1940.* The Dominion also guarantees provincial revenues from the sale of alcoholic beverages at the levels of the basic period, June 30, 1941-June 30, 1942.

Table 18 shows the amount of the annual payments to the provinces as compensation for their vacation of the income and corporation tax fields and also the gasoline tax revenues of each province in their respective fiscal years ended nearest to Dec. 31, 1941.

18.—Guarantees to Provinces in Lieu of Income and Corporation Tax Revenue and Basis of Guarantees re Provincial Gasoline Taxes

Province	Annual Payment in Lieu of Income and Corporation Tax	Revenue from Gasoline Taxes, 1940 ¹
	\$	\$
Prince Edward Island.....	701,944	307,902
Nova Scotia.....	2,911,078	2,853,364
New Brunswick.....	3,650,067	2,101,072
Quebec.....	20,586,075	11,803,248
Ontario.....	28,964,040	26,608,290
Manitoba.....	5,654,741	2,678,149
Saskatchewan.....	5,830,471	3,397,279
Alberta.....	4,080,861	3,221,976
British Columbia.....	12,048,367	3,763,626
Totals.....	84,427,644	56,734,906

¹ Provincial fiscal years ended nearest to Dec. 31, 1940.

Loans to Provinces.—All of the provincial loans recently advanced by the Dominion have been made to the western provinces under the authority of relief legislation beginning with the Unemployment and Farm Relief Act, 1931, and these have been secured by interest-bearing treasury bills of the respective provinces, the rate being 3 p.c. since July 1, 1936. The sum total of such loans outstanding as at Mar. 31, 1944, was \$176,324,091 less write-offs of \$19,861,035, making net loans outstanding \$156,463,056.

* Provincial Government receipts from gasoline taxes for the fiscal years 1923-42 are given at p. 860.