

subsidies; or (2) \$15 per capita of 1942 population, plus the statutory subsidies. Option (1) proves to be the more favourable in the case of New Brunswick, Quebec, Ontario, Manitoba, Alberta and British Columbia while option (2) proves more favourable to Nova Scotia and Saskatchewan.

If all provinces should conclude agreements with the Dominion, and assuming that each took the option more favourable to it, the guaranteed minimum annual payment to each province and the amount payable in 1947, as estimated at July, 1947, as compared with the total receipts under the Wartime Tax Agreements and from succession duties and statutory subsidies would be as follows:

| | <i>Proposed Agreement</i> | | <i>Total Annual Receipts during Wartime from Wartime Tax Agreements, Succession Duties, and Statutory Subsidies</i> |
|---------------------------|-------------------------------|---------------------------|---|
| | <i>Guaranteed Minimum</i> | <i>Estimated 1947</i> | |
| | \$'000,000 | \$'000,000 | \$'000,000 |
| Prince Edward Island..... | 2.1 | 2.3 | 1.2 |
| Nova Scotia..... | 10.9 | 12.1 | 4.2 |
| New Brunswick..... | 8.8 | 9.5 | 4.8 |
| Quebec..... | 56.4 | 63.4 | 31.3 |
| Ontario..... | 67.2 | 74.4 | 44.3 |
| Manitoba..... | 13.5 | 14.5 | 8.0 |
| Saskatchewan..... | 15.3 | 15.8 | 8.2 |
| Alberta..... | 14.2 | 15.3 | 8.2 |
| British Columbia..... | 18.1 | 21.4 | 14.3 |
| TOTALS..... | 206.5 | 228.7 | 124.5 |

The Dominion Government on Mar. 31, 1947, in accordance with its undertaking, discontinued its wartime tax of 3 cents a gallon on gasoline, leaving this field of taxation which was yielding the Dominion approximately \$35,000,000 annually, entirely to the provinces. Following this, in 1947, all the provinces increased their rates of taxation on gasoline as follows: Manitoba, Saskatchewan and Alberta 2 cents per gallon; Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario and British Columbia 3 cents per gallon.

Seven provinces—Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan, Alberta and British Columbia—have concluded agreements to rent their corporation tax, income tax and succession duties fields to the Dominion for five years, terminating Mar. 31, 1952, in exchange for the payments indicated above. These agreements were confirmed by legislation passed in the Dominion and Provincial Houses in 1947. On the other hand, the Governments of Ontario and Quebec announced in March, 1947, their budget proposals for the fiscal year 1947-48. These proposals included a 7 p.c. corporation tax, the maintenance of existing succession duties, and no personal income tax. At the time of its Budget announcement, the Government of Ontario made it clear that it would like to see the Dominion-Provincial Conference reconvened in the hope of arriving at a general tax agreement. The Dominion Government has committed itself to holding a Dominion-Provincial Conference to deal with the social security and public investment proposals of the 1945 Conference as soon as tax agreements are concluded with all provinces.

On Nov. 17, 1947, the Dominion Government announced the elimination of the 8 p.c. sales tax on electricity and gas used for domestic purposes.

Several other points in connection with the agreements are worthy of mention. First, special payments were made to the Maritime Provinces to fill in the so-called