

annual payments to the provinces under the most favourable option and the estimated 1948 payments are shown in Table 21. The guaranteed minimum annual payment to the Yukon is \$89,365 and the estimated 1948 payment is \$133,161.

The actual amount payable in any one year is calculated according to the following method. The minimum payment is adjusted for changes in provincial population and gross national product per capita, as compared with the base year 1942, for each of the three calendar years immediately preceding the fiscal year of payment. These three amounts are then averaged, and the resultant is the amount payable. If, in any of the three calendar years concerned, the amount calculated is less than the amount of the minimum payment, then the amount of the minimum payment is substituted. This method of computing the annual payments ensures that the revenues of the province will increase as the provincial population and gross national product per capita increase, and at the same time guarantees that the province will, at no time in the period covered by the Agreement, receive less than the stated minimum.

21.—Guaranteed Minimum Annual Payments to Provinces¹ under Most Favourable Option and Preliminary Estimated 1948 Payments

Province and Option	Guaranteed Minimum Annual Payments	Estimated 1948 Payments
	\$'000	\$'000
Prince Edward Island.....	2,100	1,755
Nova Scotia (Second).....	10,870	10,584
New Brunswick (First).....	8,773	8,418
Manitoba (First).....	13,540	13,352
Saskatchewan (Second).....	15,291	14,062
Alberta (First).....	14,228	13,972
British Columbia (First).....	18,120	22,062
Totals.....	82,922	84,205

¹ The Governments of Quebec and Ontario have not made agreements with the Federal Government. The payments for these Provinces under the first option would be: Quebec, \$56,382,000 and \$64,112,000; Ontario, \$67,158,000 and \$75,363,000.

Under an offer ancillary to the Agreements, but which applies to all provinces, whether agreeing or not, the Federal Government will pay to the province one-half of the Federal corporation income tax on income of corporations derived from generating and/or distributing to the public, electric energy, gas or steam where this is the main business of the corporation.

Loans to Provinces.—During the fiscal years 1931-32 to 1940-41 certain loans were made by the Government of Canada to the governments of the western provinces for direct relief, agricultural relief, capital and ordinary governmental purposes. These loans were secured by interest-bearing treasury bills of the respective provinces, the rate being 3 p.c. since July 1, 1936.

Under the provisions of the Western Provinces Treasury Bills and Natural Resources Settlement Act, 1947, the treasury bill indebtedness of the western provinces was adjusted and refunded as at July 1, 1947. This adjustment took into account the sum of \$8,031,250 due by the Government to each of the Provinces of Alberta and Saskatchewan in respect of the full and final settlement of all or