

29.—Guaranteed Minimum Annual Payments<sup>1</sup> to Provinces and Yukon Territory under Most Favourable Option, and Adjusted Annual Payments,<sup>1</sup> as Finally Calculated,<sup>2</sup> for Years Ended Mar. 31, 1948-52.

Province or Territory and Option	Guaranteed Minimum Annual Payment	Adjusted Payment 1948	Adjusted Payment 1949	Adjusted Payment 1950	Adjusted Payment 1951	Adjusted Payment 1952	Total Adjusted Payments 1948-52
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Newfoundland (Second).....	6,209	...	...	8,090	8,912	9,713	26,715
Prince Edward Island (Special arrangement).....	2,100	2,322	2,420	2,641	2,891	3,131	13,405
Nova Scotia (Second).....	10,870	11,994	12,490	13,622	14,905	16,133	69,144
New Brunswick (First).....	8,773	9,756	10,186	11,137	12,214	13,251	56,544
Manitoba (First).....	13,540	14,485	15,002	16,359	17,971	19,531	83,348
Saskatchewan (Second).....	15,291	15,696	16,017	17,215	18,662	20,013	87,603
Alberta (First).....	14,228	15,338	16,029	17,740	19,847	21,958	90,912
British Columbia (First).....	18,120	21,621	23,087	25,784	28,818	31,853	131,163
Yukon Territory (Second)....	89	...	141	159	177	195	672
<b>Totals</b> .....	<b>89,220</b>	<b>91,212</b>	<b>95,372</b>	<b>112,747</b>	<b>124,397</b>	<b>135,778</b>	<b>559,506</b>
Quebec (First) <sup>3</sup> .....	56,382	64,403	67,837	74,800	82,658	90,358	380,056
Ontario (First) <sup>3</sup> .....	67,158	76,409	80,380	88,524	97,717	106,705	449,735
<b>Grand Totals<sup>4</sup></b> .....	<b>212,760</b>	<b>232,024</b>	<b>243,589</b>	<b>276,071</b>	<b>304,772</b>	<b>332,841</b>	<b>1,389,297</b>

<sup>1</sup> Subject to deduction of statutory subsidies. (See Table 27, p. 1086.) <sup>2</sup> In accordance with the terms of the Tax-Rental Agreements, payments for all five years were recalculated in June 1952, in the light of the revised statistics for gross national product and population. <sup>3</sup> Quebec and Ontario did not enter into the 1947 Agreements; consequently, the payments shown were not actually made.

*Tax-Rental Agreements, 1952.*—In December 1950, a Federal-Provincial Conference was held primarily to discuss fiscal and social security matters. At the Conference the Federal Government made an offer for new tax-rental agreements which was modified, subsequently, in minor respects only. This new offer, apart from the amount of the guaranteed minimum payments, contained substantially the same provisions as the 1947 Agreements. The provinces were again to repeal or suspend the same taxes for periods of five years, and were to be compensated in much the same manner although on a larger scale.

One important difference in the 1952 Agreements was that the provincial 5-p.c. corporation income-tax levy was abolished. By an amendment to the federal Income Tax Act, 5 p.c. was added to the federal rate and a credit of 5 p.c. given on corporation income earned within a non-agreeing province. The credit was raised the next year to 7 p.c. (see p. 1075). Another significant difference was that the 1952 Agreements contained additional protection for the provinces in the event of their re-entering the tax fields (temporarily given up) after the end of the five-year periods. The credits which the Federal Government undertook to allow taxpayers in provinces withdrawing from the Agreements remained the same in respect of the personal income tax and succession duties. In regard to the corporation income tax, the credit was raised to 7 p.c. and all Agreements were guaranteed for five years.

On the compensation side there were several differences. The provinces had the choice of two alternative methods of determining the guaranteed minimum annual payment to be received from the Federal Government. The first option was a guaranteed minimum payment based on the one allotted to a province under the 1947 Agreements with an increase proportionate to change in provincial population and per capita gross national product between 1942 and 1948. Increases in guaranteed minimum payments averaged almost 50 p.c.