

grants, whereas the unemployment assistance program marked a newer approach in which flexibility and adaptability to local circumstances was allowed to modify insistence on a national uniform standard.

The federal transfers to the provinces in respect of the conditional grant programs increased from \$75,000,000 in the year ended Mar. 31, 1954, to an estimated \$1,109,107,000 in 1965-66. The increase was attributable largely to the introduction of the unemployment assistance program in 1955 and the hospital insurance and diagnostic services program in 1958, to the increase in the level of old age assistance, disabled persons' and blind persons' allowances, and to the enlargement and reorientation of the vocational and technical training program (see pp. 347-348). In 1965-66, federal contributions to the programs in respect of the unemployment assistance and the hospital insurance and diagnostic services programs were estimated at \$123,983,000 and \$492,061,000, respectively.

Joint programs in the second category—those in which the federal and provincial governments accept sole responsibility for portions of a total project—are not numerous and are generally of a public works type. The irrigation projects carried out jointly by the Prairie Farm Rehabilitation Administration and the Province of Alberta on the St. Mary's and Bow Rivers in southern Alberta are of this nature, as is the bridge recently built between Ottawa in Ontario and Hull in Quebec. In the St. Mary's irrigation project, the Federal Government has undertaken the responsibility for the construction of all main reservoirs, large dams and connecting works, and Alberta has assumed responsibility for the construction of the distribution system and the development and colonization of the new irrigable areas.

Joint programs in the third category are also few in number and the sums of money involved are seldom large. The Fraser River Board and the South Saskatchewan River Dam are two examples. The Fraser River Board was established by Canada and British Columbia in 1955 to investigate flood control and hydro-electric power generation on the Fraser River. Canada undertook to pay the costs of the Board in the first instance with British Columbia subsequently reimbursing Canada for half of the expenditures of the Board. In the case of the South Saskatchewan River project, Saskatchewan is to reimburse Canada for 25 p.c. (up to a maximum of \$25,000,000) of the federal expenditure on the dam and reservoir. In the year ended Mar. 31, 1965, British Columbia's share of the joint expenditures on the Fraser River Board amounted to \$7,741, and Saskatchewan's share of the expenditures on the South Saskatchewan River project was \$4,288,543.

The increasing number and extent of conditional grant and shared-cost programs has occasioned some provincial criticisms and misgivings. It has been argued that the preponderant occupancy of the direct tax field in the postwar years by the Federal Government encouraged the growth of such programs as the provinces were denied the revenues that would have enabled them to provide equivalent programs themselves. At the 1964 Federal-Provincial Conference, the Province of Quebec proposed that a province be given the option to assume full administrative and financial responsibility for certain joint programs on the Federal Government making available to that province the necessary additional tax room. The "contracting-out" proposal was referred to a federal-provincial committee of officials for consideration. As a consequence of their consideration, the Prime Minister of Canada, in a letter to the provincial Premiers dated Aug. 15, 1964, proposed a temporary measure permitting a province to contract out of certain programs for an interim period pending the development of more permanent arrangements. Parliament approved the necessary legislation—the Established Programs (Interim Arrangements) Act—in April 1965. Under the Act the Government of Canada was authorized to enter into agreements with any province that wished to contract out of certain conditional grant programs. The nature and number of programs were itemized in the schedules to the Act.