

21.—Subsidy Allowances to Provincial Governments, July 1, 1867 to Mar. 31, 1949

Province	Allowances for Government	Allowances on Basis of Population	Special Grants ^{1,2}	Interest on Debt Allowances ²	Total ³
	\$	\$	\$	\$	\$
Prince Edward Island.....	5,220,000	6,534,378	7,552,503	3,145,900	22,452,781
Nova Scotia.....	10,380,000	29,882,904	3,428,980	3,974,271	47,664,155
New Brunswick.....	9,740,000	22,991,469	13,830,000	1,794,609	48,356,078
Quebec.....	12,880,000	117,996,437	—	7,108,702	137,985,139
Ontario.....	13,280,000	142,172,800	—	7,022,321	162,475,121
Manitoba.....	9,585,000	25,445,920	28,331,733	19,074,382	82,437,035
Saskatchewan.....	8,796,667	26,073,035	36,312,500	17,836,500	89,018,702
Alberta.....	8,171,667	21,430,737	32,125,000	17,836,500	79,563,904
British Columbia.....	9,220,000	21,299,550	8,800,000	2,283,567	41,603,117
Totals.....	87,273,334	413,827,230	130,378,716	80,076,752	711,556,032

¹ See text at p. 1020.² Allowances in lieu of debt.³ Includes "Additional Special Grants" (see text following) since 1946.

Additional Special Grants.—Additional special grants were voted annually to the Maritime Provinces, Manitoba, Saskatchewan and British Columbia up to 1941.

These additional special grants were suspended with the coming into force of the Dominion-Provincial Taxation Agreements. They were paid in 1947 and later years in the case of the three Maritime Provinces under the provisions of the Maritime Additional Subsidies Act, 1942.

Dominion-Provincial Taxation Agreements.—The Dominion-Provincial Tax Rental Agreements Act, 1947, authorized the Federal Government to enter into Agreements with the provinces by which, in return for compensation, the Provincial Governments would agree to refrain from levying certain direct taxes for a period of five years. These Agreements are successors to the Wartime Agreements which have lapsed (see pp. 900-901 of the 1946 Year Book). By the end of 1949, seven provinces—Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan, Alberta, and British Columbia—had made new Agreements with the Federal Government and negotiations were taking place with Newfoundland. Yukon Territory made an Agreement similar to those made by the provinces.

The main purposes of these Agreements are to establish a more equitable system of taxation throughout Canada by reducing duplication of direct taxation and duplication of machinery for the collection of direct taxes, to give a greater measure of stability to the revenues of the provinces, and to enable the Federal Government, along with the Provincial Governments, to carry out national policies intended to maintain high levels of employment and production.

The Agreements continue the basic provisions of the Wartime Taxation Agreements, under which the provinces and their municipalities withdrew their income taxes, corporation income taxes and corporation taxes in return for compensation from the Federal Government (pp. 900-901 of the 1946 Year Book). There are, however, some additional provisions in the new Agreements which have resulted from the negotiations carried on between the governments in 1945 and 1946 at the Dominion-Provincial Conference meetings and since the Budget offer of June, 1946. The main features of this offer which have been embodied in the Agreements are outlined at pp. 883-884 of the 1946 Year Book.