

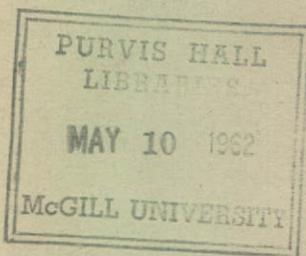
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# CANADIAN TAX FOUNDATION

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*Sixteenth Annual Report*

FOR THE YEAR ENDING  
DECEMBER 31st, 1961

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154 UNIVERSITY AVENUE, TORONTO 1, CANADA



*Sixteenth Annual Report*

FOR THE YEAR ENDING  
DECEMBER 31st, 1961

## CANADIAN TAX FOUNDATION

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### BOARD OF GOVERNORS

Elected March 20th, 1962

*Marcel Belanger, C.A.	- - - - -	Quebec
Basil R. Cheeseman	- - - - -	Calgary
Julien Chouinard	- - - - -	Quebec
E. A. Christenson, C.A.	- - - - -	Edmonton
Eric Cook, Q.C.	- - - - -	St. John's
Gordon S. Cowan, Q.C.	- - - - -	Halifax
C. Roberts Davidson, Q.C.	- - - - -	Regina
William B. Draper, C.A.	- - - - -	Corner Brook
Ralph St. J. Freeze, Q.C.	- - - - -	Fredericton
*C. Antoine Geoffrion, Q.C.	- - - - -	Montreal
David A. Gilman, C.A.	- - - - -	Winnipeg
*Edwin A. Goodman, Q.C.	- - - - -	Toronto
*John W. Graham, Q.C.	- - - - -	Toronto
John D. Harrison, Q.C.	- - - - -	London
*L. F. Heyding, F.C.A.	- - - - -	Toronto
Gordon H. Johnson, C.A.	- - - - -	Halifax
K. T. N. Lapp, C.A.	- - - - -	Summerside
*A. J. Little, F.C.A.	- - - - -	Toronto
*John de M. Marler, Q.C.	- - - - -	Montreal
J. A. Marven, C.A.	- - - - -	Moncton
S. O. McMillan, F.C.A.	- - - - -	Saskatoon
*Harold S. Moffet, F.C.A.	- - - - -	Montreal
Walter C. Newman, Q.C.	- - - - -	Winnipeg
*Arthur S. Pattillo, Q.C.	- - - - -	Toronto
A. D. Russell, C.A.	- - - - -	Vancouver
J. C. Scott-Harston,	- - - - -	Victoria
*William A. Simonton, F.C.A.	- - - - -	Toronto
*G. Meredith Smith, C.A.	- - - - -	Montreal
*Lancelot J. Smith, F.C.A.	- - - - -	Toronto
*Herbert O. Spindler, C.A.	- - - - -	Montreal
Reginald H. Tupper, Q.C.	- - - - -	Vancouver
*Philip F. Vineberg, Q.C.	- - - - -	Montreal

*\*Executive Committee of the Board of Governors*

## OFFICERS

John de M. Marler, Q.C., *Chairman*

Lancelot J. Smith, F.C.A.

Arthur S. Pattillo, Q.C.

*Vice-Chairmen and Co-Chairmen of the  
Executive Committee*

A. J. Little, F.C.A., *Past Chairman*

Ronald Robertson, *Director*

Jacques Barbeau, *Secretary*

James A. Reid, *Treasurer*

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## ADVISORY COMMITTEE OF PAST CHAIRMEN

J. Grant Glassco, F.C.A.	- - - - -	Toronto
*W. G. H. Jephcott, F.C.A.	- - - - -	Toronto
Claude S. Richardson, Q.C.	- - - - -	Montreal
Kenneth LeM. Carter, F.C.A.	- - - - -	Toronto
Lazarus Phillips, Q.C.	- - - - -	Montreal
Thomas A. M. Hutchison, F.C.A.	- - - - -	Toronto
R. deWolfe MacKay, Q.C.	- - - - -	Montreal
John A. Wilson, F.C.A.	- - - - -	Toronto
*M. Gerald Teed, Q.C.	- - - - -	Saint John
A. Willard Hamilton, C.A.	- - - - -	Montreal
*Henry F. White, Q.C.	- - - - -	Toronto
Campbell W. Leach, C.A.	- - - - -	Montreal
Stuart D. Thom, Q.C.	- - - - -	Toronto
A. J. Little, F.C.A.	- - - - -	Toronto

\*Deceased

**STATEMENT OF FINANCIAL POSITION  
AS AT 31st DECEMBER, 1961  
(With comparative figures for 1960)**

	1961	1960
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash - - - - -	\$ 23,103.40	\$ 18,195.63
Guaranteed investment receipts—		
due 1962 to 1966 inclusive - - - - -	65,000.00	65,000.00
Deposit with Trans-Canada Air Lines - - - - -	425.00	425.00
Accounts receivable - - - - -	925.00	172.50
	<hr/>	<hr/>
	\$ 89,453.40	\$ 83,793.13
<b>FIXED ASSETS</b>		
Furniture and office equipment—at cost - - - - -	\$ 15,251.52	\$ 14,315.05
Less: Accumulated depreciation - - - - -	9,851.92	8,967.28
	<hr/>	<hr/>
	\$ 5,399.60	\$ 5,347.77
<b>TRUST FUND</b>		
Taxation and economic growth study		
fund, cash - - - - -	33,312.84	—
	<hr/>	<hr/>
	<u>\$128,165.34</u>	<u>\$ 89,140.90</u>
<b>LIABILITIES AND RESERVE</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable - - - - -	\$ —	\$ 6,800.00
	<hr/>	<hr/>
<b>RESERVE</b>		
Retained for continuation of the		
Foundation's activities - - - - -	\$ 94,853.00	\$ 82,340.90
	<hr/>	<hr/>
<b>TRUST FUND LIABILITY</b>		
Taxation and economic growth study fund		
Subscriptions and interest received \$ 38,312.34	\$ 38,312.34	\$ 38,312.34
Less: Advances to Queen's University (5,000.00)	\$ 33,312.34	—
	<hr/>	<hr/>
	<u>\$128,165.34</u>	<u>\$ 89,140.90</u>

APPROVED ON BEHALF OF THE BOARD OF GOVERNORS  
A. J. Little John de M. Marler  
*Chairman* *Vice-Chairman*

STATEMENT OF INCOME AND EXPENSE  
FOR THE YEAR ENDED 31st DECEMBER, 1961  
(With comparative figures for 1960)

	1961	1960
<b>INCOME</b>		
Subscriptions—Corporate - - - - -	\$126,310.00	\$132,630.00
—Individual - - - - -	39,450.00	34,025.00
Interest - - - - -	3,577.54	2,531.52
	<hr/>	<hr/>
	\$169,337.54	\$169,186.52
 <b>EXPENSE</b>		
Salaries - - - - -	\$ 88,277.17	\$ 88,564.13
Publications (net) - - - - -	29,425.41	34,236.63
Rent - - - - -	11,690.00	11,090.00
Postage - - - - -	7,335.70	5,572.40
Travelling - - - - -	6,601.05	5,251.29
General office expense - - - - -	3,178.75	1,806.22
Special studies - - - - -	3,157.29	3,435.14
Office printing, stationery and supplies - - - - -	2,579.57	4,353.66
Pension plan (net) - - - - -	2,486.63	1,247.54
Books and periodicals—library - - - - -	2,308.76	2,010.50
Telephone and telegraph - - - - -	1,798.62	1,554.09
Conferences expense (net) - - - - -	(3,181.95)	(5,182.68)
	<hr/>	<hr/>
	\$155,657.00	\$153,938.92
Provision for depreciation of furniture and office equipment - - - - -	1,168.44	1,143.01
	<hr/>	<hr/>
	\$156,825.44	\$155,081.98
 <b>EXCESS OF INCOME OVER EXPENSE</b>		
Transferred to reserve - - - - -	<hr/>	<hr/>
	\$ 12,512.10	\$ 14,104.59
	<hr/>	<hr/>

## AUDITORS' REPORT

The Board of Governors  
and the Members of  
Canadian Tax Foundation,  
154 University Avenue,  
Toronto, Ontario.

We have examined the statement of financial position of the Canadian Tax Foundation as at 31st December 1961, and the related statement of income and expense for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statement of financial position and related statement of income and expense present fairly the financial position of the Canadian Tax Foundation as at 31st December 1961, and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Ormsby & Ormsby*

CHARTERED ACCOUNTANTS  
*Auditors.*

Toronto, Canada  
February 26, 1962

*Report of the Chairman  
to the Sixteenth Annual Meeting of the  
Canadian Tax Foundation,  
March 20, 1962*

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One of the formal duties of the Chairman of the Canadian Tax Foundation is to report to the members at the conclusion of his term of office on the affairs of the Foundation for the year. It is my pleasure to present the sixteenth Annual Report and I believe you will agree — as they say in the mining industry — that 1961 was a good year, in which the Foundation again progressed in its chosen field of endeavour.

A year ago Stuart Thom reported to you of the then recent changes in the Foundation staff, consisting of the retirement of Harvey Perry and the appointment of his successor, Ronald Robertson, as Director, and Jacques Barbeau as Director of Research. During the following months, the work of the Foundation has been carried on successfully and the Foundation and its staff are in good shape to meet the challenges in tax research which today's fast-moving events are producing.

The past year was a very busy one for the Board of Governors — as well as for the Foundation staff. As a result of questions raised at the last Annual Meeting, the Board took the opportunity to re-assess thoroughly the role of the Foundation and special meetings of the Advisory Committee of Past Chairmen, the Executive Committee and the full Board of Governors were held for this express purpose. After a most careful consideration of representations made by some members, the following description of the role of the Foundation was adopted:

- (a) to provide a proper forum for the discussion of all manner of problems arising under tax law;
- (b) to study, or sponsor and organize the study of, tax problems;
- (c) to make available to its members and to bring to the attention of the taxing authorities concerned, with such emphasis as from time to time might seem appropriate, the results of such discussion and study; but
- (d) not affirmatively to advocate particular modifications of tax laws except in so far as these do not seem, from such

discussions and study, to provide technically sound means of carrying out governmental policy decisions.

This descriptive statement was distributed to members; I bring it to your attention more formally at this time so that it may become part of the Annual Report.

The Governors believe this to be a proper definition of the role of the Foundation and one which does not place it in a position of promising more than it could possibly deliver for, if this occurred, the confidence in, and the usefulness of, the Foundation would not only be diminished but perhaps destroyed.

In some ways, therefore, the year on which I am now reporting can properly be described as one of careful re-assessment. And as a result of this, I feel confident that the Foundation is in a strong position to continue to be of service both to its members and to Canada as a whole.

### Membership

The growth of membership in the Canadian Tax Foundation in 1961 was not only most encouraging but once again underlined the fact that the community is confident that the Foundation is performing an eminently useful task. I am sure you will agree that by any standards the 1961 growth was also indicative of the vitality of the interest in tax affairs and tax problems in Canada. In 1961 the membership figure climbed close to the 4,200 mark. During the calendar year 709 individuals, including 458 students in law and accounting, became members, and after adjustments for lapses the total individual membership at December 31, 1961 stood at 3,689. At the same date the corporate membership figure stood at 503. In addition close to 300 companies continued their indirect support through their associations. There were 13 new corporate members welcomed to Foundation membership during the year. The current year of 1962 shows every indication of continuing this trend; during the first two months there has been one new corporate contributor and 94 new individual members added to our rolls.

We have every expectation that the growth will continue, perhaps at an even greater rate. This expectation, I believe, is soundly based since it will be fostered by the work of a permanent Membership Committee under the chairmanship of W. R. Kay, F.C.A., and is receiving the full co-operation of the Governors and friends of the Foundation in every province.

## Finance

While full details of the Foundation's financial position are contained in the financial report which accompanied the notice of this meeting it is appropriate, I believe, to discuss finances in conjunction with the report on membership. The two phases are, of course, inextricably linked. To strengthen both membership and finance activities in the Foundation, a standing Finance Committee under the chairmanship of Lancelot J. Smith, F.C.A. has been in operation during the past year.

In 1961, as in other years, corporate business in Canada continued to support the Foundation generously. While each year the corporate membership rolls vary somewhat with deletions and additions, reflecting the changing face of Canadian business including such events as mergers, total contributions by corporate membership for the regular operations of the Foundation and for the special trust fund for the economic growth study at Queen's University continue at a high level. Twenty corporate subscribers increased their previous rate of contribution to assist the Foundation in its activities. The new individual memberships produced additional revenue of over \$5,000. While the Foundation's conferences across the country, and in particular the Annual Tax Conference, are planned as self-supporting activities, record attendances resulted in net revenues of just over \$3,000 for 1961.

The difficulty in predicting the precise date of publication of special Foundation studies becomes apparent on the expense side of the ledger. As has happened in the past, several studies which were expected to be completed and printed in 1960 or 1961 will reach members in 1962 instead. This continuity of work and program is common to any research organization, and can produce a lumping-up of printing costs in some years; a fact which is reflected in the financial statements, and as the Director will explain in more detail, 1962 will be a heavy year for publications. The reserve to ensure the continuation of Foundation activities and its service to members, who contribute on an annual basis, remains at a figure sufficient to cover six months' average operating expenses.

I would like at this time to comment on the special fund set aside in trust to finance the Foundation's special project with Queen's University. It will be recalled that the estimated cost of this long-term project is approximately \$61,000. To December 31, 1961, some \$38,000 was contributed to this special fund and since the first of this year another \$2,300 has been received. To date,

the advances to Queen's have amounted to \$5,000. The project is on schedule and intensive work will begin in a matter of weeks so that the advances from the fund will increase in amount and frequency. I would like to take the opportunity in connection with this project — the largest yet undertaken by the Foundation — to express the sincere thanks of all members of the Foundation for the active and encouraging interest and work of several leading members of the business community in raising these funds. The response has been most heartening and we have every confidence that, as the study continues, the balance of the funds will be forthcoming from our members.

### Tax Legislation

Changes and proposed changes in the tax laws of Canada, particularly at the federal and provincial levels, have never been more in evidence than in 1961; nor have Canadians as a whole, and the business community in particular, shown greater interest in the effects and results of these changes and proposals. In several instances it was evident that consideration had been given to the Foundation's published studies and to conference discussions. The Foundation works closely with the Joint Taxation Committee of the Canadian Bar Association and the Canadian Institute of Chartered Accountants. As in past years, the Director, and in 1961 the Director of Research, attended the discussions of the Joint Committee held to prepare the Committee's brief to the Minister of Finance. In turn, the Foundation's conference and research program once again received the wholehearted support of the members of the sponsoring professions.

No doubt the fastest growing field of tax legislation requiring attention is at the provincial level. The effects of the new concept of federal-provincial tax arrangements require study, as do the individual segments of provincial tax structures. The Foundation's efforts in the past have contributed to better provincial tax legislation but there is still a great deal to be done and, as funds become available, more attention will be paid by the Foundation to provincial taxation.

The committee of lawyers and accountants sponsored by the Foundation which meets with senior tax officials at Ottawa to discuss annual amending legislation before second reading continues to be a feature of the Foundation's activities in this area. This Committee deals with technical aspects of amendments and helpful results emerge from these meetings. Last year the Committee drew the Minister's attention to what it felt were defects in the proposed personal corporation legislation which would

have resulted in unexpected problems for a large number of Canadian taxpayers. Since purely negative suggestions are of little assistance to the advisers to the Minister of Finance, the whole area of personal corporations was discussed at the Annual Conference and the papers were forwarded to the Minister. The Joint Committee submitted extensive proposals designed to assist the government in meeting its obligations without causing unnecessary difficulties for taxpayers. This is a good example, I feel, of how the Foundation and the Joint Committee work in co-operation with government officials for the betterment of tax law in Canada.

Not the least of the items in the field of unfinished business of tax legislation is the long-sought revision of the manufacturers' sales tax to remove the anomalies and to provide a solid statutory base for practices which have grown up over the years.

Perhaps even more important in this day when Canada can least afford to suffer tax handicaps in fiercely competitive world markets is the need for the long-sought solution to the problems of designated surplus and undistributed corporate income generally. Some early breakthrough is required particularly in this field and it is hoped that events will permit the government to achieve some of the needed overall reforms in the very near future.

### Board of Governors

There are probably few organizations which enjoy such loyal and continuing support from their Board of Governors as does the Canadian Tax Foundation. Perhaps the most encouraging aspect in this loyalty is that it continues undiminished after the termination of official duties on the Board. I would like at this time to extend on behalf of the members of the Foundation my sincere thanks to the Governors who retire this year. Their work during their terms of office has contributed immeasurably to the successful carrying on of the Foundation's tasks. The following Governors will be retiring this year:

Neil V. German	Calgary
John Hyslop, C.A.	St. John's
W. R. Kay, F.C.A.	Toronto
John P. Kinghorn, C.A.	Montreal
Hugh E. Spencer, C.A.	Halifax
R. Bredin Stapells, Q.C.	Toronto
Jacques Tetrault	Montreal
Stuart D. Thom, Q.C.	Toronto

I know these gentlemen will continue not only their interest in the Foundation but will continue to contribute their support and experience. One example of such continuing support, I am very happy to say, is that — as I mentioned earlier — Mr. Kay has undertaken to continue to chair the Membership Committee.

While all the names mentioned are well known to the Foundation, I would particularly like to refer to Stuart Thom, Q.C. who retires as Past Chairman. Mr. Thom has given exceptional service to the Foundation. He served as a Governor for a total of seven years and during this time was active on the various committees and held the post of Vice-Chairman and Chairman of the Board. During these years, many of our conferences were not only enriched but enlivened by his cogent comments, and we are sure we shall continue to enjoy and benefit from his participation in many future conferences. In the case of Past Chairmen, the constitution of the Foundation assures that the formal link continues, and Stuart Thom's advice will be available to us as a member of the Advisory Committee of Past Chairmen.

At the conclusion of this report, members present will be asked to elect a new Board of Governors. Nominations have been duly received from the Presidents of the Canadian Bar Association and the Canadian Institute of Chartered Accountants, Mr. Fennell and Mr. Hudson respectively. While you will note that the majority of the nominees are present Governors, a number are not and I know their names will be of interest to you. They are:

Basil R. Cheeseman	Calgary
W. B. Draper, C.A.	Corner Brook
C. Antoine Geoffrion, Q.C.	Montreal
John W. Graham, Q.C.	Toronto
John D. Harrison, Q.C.	London
Gordon H. Johnson, C.A.	Halifax
W. A. Simonton, F.C.A.	Toronto
H. O. Spindler, C.A.	Montreal

I do not wish to leave this portion of my report without expressing on behalf of the members of the Foundation the deep sense of loss which we all experienced in 1961 as the result of the deaths of three Past Chairmen of the Foundation: W. G. H. Jephcott, F.C.A., Henry F. White, Q.C. and M. Gerald Teed, Q.C.

Mr. Jephcott died last May shortly after the Annual Meeting,

and Mr. White and Mr. Teed died in December 1961. Each of them had given much to the work of the Foundation.

Mr. Jephcott was a member of the Foundation's first Board of Governors elected in October 1945. He served as Chairman in 1949 and continued to serve on the Board until 1951. His influence and advice was of particular value during his whole association with the Foundation since he was trained in both accounting and law. Mr. Jephcott chose accounting for his professional career, having been admitted as a Chartered Accountant in Quebec in 1923 and in Ontario in 1926. In addition, he graduated from Osgoode Hall in 1929.

Mr. White's association with the Foundation was perhaps the closest and longest of any individual. His was one of the names appearing on the Letters Patent granted in 1945 and he served the Foundation from its earliest days: as Secretary-Treasurer from 1945 to 1952, as Governor from 1953 through 1959 and as Chairman of the Board of Governors in 1958.

Gerald Teed practised in New Brunswick and was known across Canada for the leading role he played in the activities of the Foundation for many years. He was a Governor of the Foundation first in 1948 and became Chairman of the Board in 1956. He was undoubtedly one of its most ardent supporters and worked untiringly to assist the Foundation in carrying out its objectives. The passing of Messrs. Jephcott, White and Teed in 1961 deprives the Foundation of three of its most able and generous friends. I know all members of the Foundation join with me in paying tribute to them and in extending sympathy to their families.

In conclusion I would like to express my own sincere thanks to the officers and Governors of the Foundation whose co-operation and assistance was invaluable to me during my term as Chairman. The Director in a few moments will present his report and outline the remaining aspects of the Foundation's activities in 1961. At the conclusion of the Director's report I will ask you to consider the nominations to the Board of Governors for the ensuing year and to elect the Board.

I now move the adoption of the financial statements and the auditors' report together with the report of the Chairman which I have just given.

A. J. LITTLE



*Report of the Director  
to the Sixteenth Annual Meeting of the  
Canadian Tax Foundation,  
March 20, 1962*

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This is the first time I have had the privilege of presenting the Director's report to an Annual Meeting of members of the Canadian Tax Foundation. Not the least of the Chairman's helpful gestures to me has been to leave several interesting areas of the Foundation's work for me to report upon.

#### Research and Publications Programs

I would like to begin my report by reviewing the publications and research programs, which are the heart of the Foundation's activities. While at any one point in time we might separate our two programs, over a twelve-month period they become inextricably connected, for as research projects near completion they become part of the publications program. I therefore feel a clearer picture can be presented if I deal with them together.

In 1961, as in past years, the *Canadian Tax Journal* was our key regular publication. Six issues were published and in them the whole spectrum of taxation and fiscal policy and practice received the attention of serious writers in Canada and abroad.

During the year attention was given by the staff and Governors to the mechanical aspects of the *Journal* with a view to improving its appearance and readability. The results appeared in the first issue of 1962 and the comments received from members have been favourable.

While not a "regular" publication in the same sense as the *Journal*, the series *Local Finance* has become a well-established feature of our publications and research program. In the four issues published in 1961, Eric Finnis concluded his detailed review and analysis of revenue sources open to municipalities. This year he commenced a similar survey of the expenditure side of municipal finance. In recent months you will have noted from many sources a growing realization of the impact of municipal taxation and spending programs across Canada. There has, as a result, been an increasing demand for study in this field, particularly for comparisons of the law and practice as between provinces. Mr.

Finnis will carry on his field work and writing in this area in 1962.

*Tax Memos* are used to report to members on fiscal events of topical interest. Four *Memos* were published in 1961. Two were the work of Professor John Due, world-recognized sales tax expert, whose invaluable contribution to the Foundation's research efforts over many years is well known to members. Another was the Foundation's annual pre-budget survey of the federal budgetary prospects for the year ahead. The 1962 edition of this *Memo*, the eighth, was sent to members recently. It should perhaps be mentioned that these budget surveys are based on facts available early in the year, and that revenue and expenditure facts can change rapidly in the weeks or months between our survey and the actual budget. The *Memo* should therefore be read only for what it is — a careful early estimate which does not attempt to predict tax changes or unannounced expenditure programs. It is not an attempt to outguess the Minister of Finance who, after all, holds all the aces.

The *Tax Memo* "Provincial Finances" has also become an annual exercise. It draws together provincial revenue and expenditure programs so that they can be seen as a whole, rather than as a confusing jig-saw puzzle of ten somewhat ragged pieces. The 1962 edition was mailed recently, and work has been going on over the past year to enable us to expand our consideration of provincial revenue and expenditure programs.

The exacting work that goes into the pre-budget survey and "Provincial Finances" is carried on by Marion Bryden, the Foundation's statistician, assisted by Mary Gurney. They, together with Eric Finnis, are working on the expanded version of *Provincial Finances* which is taking shape for publication next year.

Also in preparation is a roundup and description of the background and present state of the federal-provincial tax collection arrangements which will play an important part in the development of our overall tax structure in the next few years. The new arrangements were developed and put into practice over many months, and even now it is still difficult to draw the story together.

This brings me to the annual booklet *The National Finances* which remains a unique source of information on the entire federal revenue and expenditure program. Many staff hours a year go into this project, which reduces mountains of material

into usable form. It is in constant use within the Foundation, since rarely a day goes by but some taxpayer seeks from us the type of information *The National Finances* contains; it is our experience that taxpayers today are showing almost as much interest in how their money is being spent as in how they are being taxed. *The National Finances* is being used extensively in universities across Canada; and this too, I believe, indicates a growing awareness of the impact of federal government revenue and spending programs on Canadians.

A further addition to the *Taxes Abroad* series, on the West Indies, was completed in 1961 by Gerald Hoy. Mr. Hoy's abilities in the field of international taxation have grown rapidly in the past year and he is now preparing summaries for Sweden and Switzerland.

Our major research projects are distributed in the form of Tax Papers of which three were published in 1961. One was a pioneer survey entitled *The Costs of Tax Compliance*, in which Marion Bryden, with the co-operation of our corporate members, sought to estimate the cost to taxpayers of paying taxes, apart from the taxes themselves. This study received widespread comment and may form the base for further efforts in this difficult area.

The publication of the study of *Fiscal Needs of the Canadian Provinces* by Professor Eric Hanson of the University of Alberta was timely in view of the then current federal-provincial discussions, and represented a major contribution to research in this field.

The year 1962 may see the publication of as many as six major Tax Papers. Manuscripts of research projects received and now being prepared for printing include the first statistical study in Canada of the distribution of the tax burden, by Professor Irving Goffman of the University of Florida. Professor Goffman's research was carried out during the summers of 1960 and 1961 and was extended to include consideration of all three levels of government.

A study of the personal exemptions and deductions structures in Canada, the United Kingdom and the United States by Gwyneth McGregor will soon be in the printer's hands. So will the study by Professor Craig McIvor on the current situation in connection with the *Taxation of Co-operatives*. The 4,300 copies of Professor McIvor's 1959 study on this subject are now ex-

hausted and it is planned therefore to publish in one volume the report on the current situation, the 1959 study and the papers on this subject which were delivered at the Annual Conference last November. In all, this volume will be the most comprehensive analysis of the subject produced in Canada, and more than 5,000 copies will be distributed.

Also nearing completion is a study of provincial education grants by K. Grant Crawford of Queen's University, assisted by Eric Finnis; a comparative study of the taxation of exports, and a study of the taxation of the oil and gas production industry in Canada. Jacques Barbeau has devoted the bulk of his considerable energies in the past year to the last mentioned study and the results of his efforts will soon be available. We have received outstanding co-operation from many sources in this major undertaking.

#### Queen's Study

I would like to make special reference to the study of taxation and economic growth which is under way in the Department of Political and Economic Science at Queen's University under Foundation sponsorship. Preparatory work went on during the winter months and intensive work will begin on schedule in May under the guidance of a committee of distinguished members of the Queen's faculty. The committee comprises:

Dr. C. A. Curtis, the Sir John A. Macdonald Professor of Political and Economic Science and Head of the Department, who will serve as Chairman;

Dr. John J. Deutsch, Vice-Principal (Administration) and Professor of Economics;

W. G. Leonard, F.C.A., Professor of Commerce and Director of Professorial Courses;

L. S. MacPherson, F.C.A., Professor of Commerce and Director of the School of Business;

M. C. Urquhart, Professor of Economics and Director, Institute of Economic Research; and

Dr. David W. Slater, Associate Professor of Economics.

I am advised by Queen's that some key appointments have been or are about to be made; these, together with a description of the areas of study to be undertaken this summer, will be announced shortly

## Conference Program

Just as the research and publications programs merge, so do the conference and publications programs. Two publications grew out of the conference program of 1961. The annual conference report, which many members consider to be a virtual treasure-house of analysis and considered opinion on a full range of tax and fiscal topics, was mailed to members last week. The report of the Corporate Management Conference of 1961 also falls into this category and in the last three years a series of papers of particular interest to corporate taxpayers has been published. The 1961 Corporate Management Conference saw close to 200 in attendance, almost double the figure for the previous year; and the 1961 Annual Conference in Montreal broke all attendance records with nearly 750 recorded participants.

As has been mentioned in past years, large attendance, while welcomed as a solid proof of the interest in taxation and the Foundation, is not an unmixed blessing. The numbers attending, combined with our panel-type program, restrict the locations in Canada where the Annual Conference can be conveniently held. The size of the panel sessions in turn reduces the amount of discussion which follows the presentation of papers. This latter aspect is particularly to be regretted, and a special effort is being made this year to try to shape at least some of our panel sessions to facilitate more discussion.

Equally encouraging were the 1961 conferences in Vancouver and Halifax. The Vancouver Conference, held in co-operation with the Law Faculty of the University of British Columbia, also saw attendance increase over the previous year. The success of this conference was due to the efforts of our British Columbia Governors, Messrs. Russell, Scott-Harston and Tupper, former Governor William Carlyle, and Dean Curtis of the Law Faculty, who together enlisted the support of an excellent group of speakers.

At Halifax, Mr. Guy Henson and Professor Edwin C. Harris, C.A. of Dalhousie University, working with a committee of Foundation Governors and members, held a Seminar last fall. The case-method approach to tax problems was used experimentally and, from all indications, was an outstanding success. We hope to benefit from this experience in planning other conferences.

The Queen's University tax program for business executives

was extended in time, and offers still another approach. This May, the Queen's Tax Program will extend over the entire week of May 14th to 18th and will cover many aspects of tax policy and tax practice.

The 1962 program of conferences is already under way. It was led off by the second International Tax Conference in Montreal in February in co-sponsorship with the Canadian Council of the International Chamber of Commerce. Again, attendance was up markedly from the previous International Tax Conference and I believe the Conference can be described as a success from every standpoint.

Plans are under way for the 1962 Corporate Management Conference in Toronto on May 4th, and the University of British Columbia Seminar in Vancouver, May 18th. The Annual Conference will be held in Toronto in November. This year the Halifax Conference will be co-sponsored by St. Mary's University.

In all, well over 1,000 attended various tax conferences in Canada last year and we look forward to an especially interesting conference schedule this year.

### Staff

The increasing size of our membership, the growth of our conference, publications and research programs and the numerous tax events kept the Foundation staff very busy in 1961.

Mr. Reid's long memory for details of every phase of the Foundation's activities over the years proved to be of particular value in a year of change. His long experience as Conference Secretary has kept our conferences running smoothly despite increases in attendance, and he and Mrs. Evelyn Wilkinson continue to keep pace with growing membership rolls and orders for copies of Foundation publications.

My earlier description of the publications program gives some indication of the volume of work that receives the attention of Gwyneth McGregor in her role as editor. In addition, her contribution as a research writer grows each year and her style and sense of humour have proved beyond question that tax writing need not be dull. One aspect of Gwyneth's work that has escaped mention in the past is her devotion to the cause of tax writing itself. She takes great pains to help new contributors to the *Journal* to develop clear, concise styles.

Mrs. Marion Bryden's ability to relate statistics to general tax questions was exhibited in the *Costs of Tax Compliance* study. She is frequently called upon to assist other members of the staff to work out the statistical basis for their research and many of the enquiries by members for information find their way to Mrs. Bryden's desk.

Aiding both Mrs. McGregor and Mrs. Bryden is Mary Gurney. Miss Gurney's versatility with both words and statistics is being increasingly employed in many areas of the Foundation's research and publications program.

The hub of much of the work at the Foundation is the library. Anatol Bazylewycz keeps the large volume of material flowing through his hands and readily available to staff and members alike. He is now in the process of revising a guide to Foundation publications which will enhance their value considerably.

Gerald Hoy's work in the field of international taxation has required him to become something of a detective. He pursues his job of tax sleuthing diligently and many members find his growing background of knowledge of great value when they set out to track down some tax event which took place beyond our shores.

In the past year Eric Finnis has travelled widely in Canada in his search for facts about local finances and taxing practices. A prolific writer, little time elapses between Eric's searches and their transcription into articles and studies.

Much of our writers' efforts would be in vain if it were not for the secretaries of the Foundation. At the present time, Mrs. Audrey Fullman and Mrs. Gay Berger are keeping manuscripts and correspondence flowing at a rapid rate.

Jacques Barbeau took up his duties as Director of Research less than a year ago, bringing with him a breadth of experience gained in both the Revenue and Finance Departments at Ottawa. His enthusiasm and energy, combined with his experience, have already shown valuable results which will be even more apparent in the months ahead.

In closing I would like to express a personal word of thanks to my colleagues on the staff who, without exception, rallied to assist me in carrying on the work of the Foundation following Harvey Perry's departure last February. I am deeply grateful for their help as I am to Harvey Perry, whose counsel and advice

have always been available when the need arose. I would also like to thank the Chairman, the Board of Governors and the many members who have been unstinting in their help and words of encouragement. May I assure the Board and members that the staff will do its utmost to ensure the continued success of the Foundation's unique contribution to Canadian tax research.

RONALD ROBERTSON







THE Canadian Tax Foundation was established in 1945 as an independent tax research organization. Its Governors are nominated each year by the Canadian Bar Association and the Canadian Institute of Chartered Accountants, and its work is supported by over four thousand Canadian individuals and corporations.

The purpose of the Foundation is to provide both the tax-paying public and the governments of Canada with the benefit of expert, impartial research into current problems of taxation and government finance. This work is carried on by a well-qualified, permanent staff and by outside experts commissioned for special studies. The Foundation publishes the Canadian Tax Journal and other books and pamphlets, and its activities include holding conferences, providing speakers and making submissions to government.

Membership in the Foundation is open to all who are interested in its work.