

Mr. Murphy: No, he does not.

The Acting Speaker (Mr. Paproski): The Chair recognizes the Hon. Member for Trinity (Miss Nicholson) on debate.

Miss Aileen Nicholson (Trinity): Mr. Speaker, I would like to speak briefly to the motion standing in the name of my colleague, the Hon. Member for Laval-des-Rapides (Mr. Garneau).

This motion would limit the application of Bill C-44 to the year 1990 as opposed to the year 1992. The reason for this is the Government's proposed changes to the taxation system.

• (1240)

For the last two years, the Minister of Finance (Mr. Wilson) has been promising changes in the taxation system and indeed we understand that a White Paper will be forthcoming shortly. We understand that this will involve very comprehensive tax reform which would affect personal and corporate income tax, that the tax base would be modified and broadened and that some taxpayers would be taken off the tax rolls and a heavier tax burden would be carried by corporations. If and when these changes come into effect, there will be obvious implications for the provinces.

We have also been given to understand that there will be changes to the federal sales tax which could be replaced by a value added or a transaction tax. If that is the case, then the provinces would want to review their own provincial sales tax systems and we would face a very significant change in the taxation arrangements of both the provincial and the federal governments. If that is the case, it would obviously be undesirable to be locked into a five-year commitment on equalization payments.

Therefore, the amendment moved by my colleague, the Hon. Member for Laval-des-Rapides, would strike out line 19 at page 1 of Clause 2 and substitute the words "and ending on March 31, 1990" in place of March 31, 1992. I believe that this is a reasonable amendment. It seems to be a prudent step. I hope the House will consider adopting it.

The Acting Speaker (Mr. Paproski): Is the House ready for the question?

Some Hon. Members: Question.

The Acting Speaker (Mr. Paproski): The question is on Motion No. 2 standing in the name of the Hon. Member for Laval-des-Rapides (Mr. Garneau). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): All those in favour please say yea.

Some Hon. Members: Yea.

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The Acting Speaker (Mr. Paproski): All those opposed please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Paproski): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mr. Paproski): Pursuant to Standing Order 114(11), the recorded division on the proposed motion stands deferred.

Miss Aileen Nicholson (Trinity) (for Mr. Garneau) moved:
Motion No. 4

That Bill C-44, be amended in Clause 3 by striking out lines 1 to 21 at page 2.

She said: Mr. Speaker, the object of this amendment is to introduce in the first year the technical changes to the equalization formula rather than to phase them in over two years as proposed by the Bill. In our view, the Government should have introduced changes in the formula to calculate revenue from the first year of the renewal of the arrangements, something which is generally understood to have been promised by the Minister. Instead, the Government is phasing in the introduction of these changes over two years. This means that the provinces will lose \$87 million in 1987-88.

Bill C-44 introduces a number of technical changes to the calculations of revenue for purposes of equalization. As I said, however, the changes will not be introduced from the first year but instead phased in over two years. There is a disagreement here. Most people understood that the Minister promised that the change would be introduced in the first year. Therefore, the provinces are unhappy about being deprived of approximately \$87 million which they considered was promised to them. The Minister of Finance (Mr. Wilson) has claimed that he never made such a promise. Obviously, one must accept his word. However, there is a perception that the promise was made.

The perception that the promise was made is based at least in part on some public statements. For instance, in an interview with the Minister which was quoted in *The Globe and Mail* of November 1, 1986, the Minister was quoted as having said: "We offered \$175 million a year in enhancement or almost \$1 billion over the next five years".

Furthermore, in a television interview given by the Minister of Finance carried on national television in December of 1986, the Minister said: "I believe that an augmentation of \$175 million a year, close to \$1 billion over a five-year period, is a very major increase in that program". Those figures were used and the provinces understood that those figures were firm, but now, by changing the formula so that the changes will be introduced over two years, something which was not negotiated with the provinces but simply appeared in the legislation, the provinces will lose about \$87 million.