

The government of Manitoba wants to do what it can to reduce the burden of taxes on people in the lower income brackets. I find it incomprehensible that the federal government having accommodated the government of Ontario with respect to its proposal of a 3 per cent tax cut across the board and having accommodated that province in the collection of its taxes, has so far refused to co-operate with Manitoba in the institution of a tax credit system which would permit Manitobans in the lower income brackets to pay lower taxes than they are now paying.

• (2020)

Therefore, I say to the Minister of Finance (Mr. Turner) and to the government that while we support this bill, and I submit that no Member of Parliament from any province can object to a bill which spells out a form of transferring tax revenues from the richer provinces to the poorer provinces in order that their services be brought closer to the national level, in many ways this bill falls far short of what is required to establish a fair and equitable tax system.

Hon. Hugh John Flemming (Carleton-Charlotte): Mr. Speaker, in rising to make some observations on this bill concerning federal-provincial fiscal arrangements, which includes authority to make certain fiscal payments to provinces and to authorize the entry into tax collection agreements with the provinces, I do not wish to offer any great criticism because I feel the bill has a great deal to commend it.

As one who has had some experience in dealing with these questions from all points of view, because I had the honour of speaking on behalf of a province at federal-provincial conferences and later I had some federal responsibility, I believe people from both sides of the House can take a degree of satisfaction from the legislation. I feel, however, that some things have been overlooked, particularly in reference to the maritime provinces, although these may be remedied subsequently.

Before proceeding with my remarks on this bill, Mr. Speaker, I should like to take this opportunity to congratulate the Minister of Finance (Mr. Turner). This is the first chance I have had to do so publicly since he has been entrusted with his new duties. Of my own knowledge I can say he has undertaken no small task in view of conditions as they are nationally and internationally. In this vein may I also congratulate the hon. member for Calgary South (Mr. Mahoney) who has been elevated to the ministry. I feel this is a recognition well deserved. When he was piloting the tax bill through the House he was always prepared to give any information he could, of which he had a considerable amount. I am glad that his ability and hard work have been recognized.

Some hon. Members: Hear, hear!

Mr. Flemming: I agree with the minister about the importance of this bill, because there are certain things in connection with public affairs and business which are important. One is to have the assurance that within a certain period of time things will either be maintained at their present level or improved. With this assurance, provincial governments know where they are going and have

Federal-Provincial Fiscal Arrangements

something upon which to base their views. The stability to which the minister referred is most important.

It seems to me that a bill which suggests that within five years payments to the provinces will increase from \$1½ billion to \$1¼ billion is most important and anticipates a great improvement in the economic welfare of the country. It is a great thing to be an optimist. Generally speaking, people who accomplish things are optimists and go ahead on the assumption that conditions are going to improve. Some members of my party have been accused of being prophets of doom, but in this connection I find it reassuring that the government—I do not necessarily mean the government, but rather those entrusted with the administrative functions of government—consider that it is perfectly in order for them to suggest that payments may increase from \$1 billion to \$1½ billion in five years.

The question of stability is most important for the provinces. To a degree my remarks are made from that point of view; it is difficult to get out of the habit. Without question, the matter of revenue raising in the provinces is of great importance, and it is a tremendous thing for the provinces to be assured that should their revenues fall below the national average because of lack of revenue capacity, the federal government will make up the difference. As far as the province in which I reside and which I represent is concerned, \$165 per capita will be made up by the federal treasury, according to the minister. Multiplied by the population, that is no small sum. If I were running a provincial government I would feel reassured to see this bill presented with the expectation that it would pass this House in its entirety.

The minister quoted from the report of the Rowell-Sirois commission which said that the federal government has an overriding financial role in the pursuit of national growth and stability. Another point the report made was that fair standards of public services and taxation in all regions of the country are vital to our national unity. Of course they are and we all know that, but to have it quoted by the minister is a very fine thing.

The report also made the point that co-ordination in tax policy between the central government and the provinces is essential in a modern industrial state. Of course it is. I am sure that each province realizes that only by co-ordination of the efforts of all will the well-being of the country be enhanced and we will make progress as a nation. I realize that every province cannot have the same amount of growth and taxing capacity, but I am sure that the 100 per cent stability guarantee gives them confidence in regard to their general operations and financing.

Equalization is also tremendously important. Then we must consider the question of fair standards of public service and fair taxation in all regions. This is important. I think many of the matters mentioned in the minister's speech and contained in the bill will be good for the country because uncertainties will be disposed of.

• (2030)

The bill also envisages the federal government undertaking to agree, on behalf of the provinces, to collect personal income taxes and corporation taxes as well as succession duties and gift taxes levied by the provinces. There has been lack of communication between the federal government and the provinces on the matter of succes-