

Federal Transfers to Provinces

even receive. Who can blame the seven million employed people across Canada who participate in the health benefit plans but do not receive any money, only to be asked by the federal government to pay tax on the dollars that they do not receive? That is what the Minister of Finance does to the working people of Canada.

There are 13 million Canadians who have life insurance in order to provide for their families in the event of an untimely death or physical disability. With respect to life insurance, the Minister of Finance will tax that desire to protect their families from unfortunate accidents.

Workers' benefits will be taxed in a manner different from that which was applied in the past. Those workers who are employed in northern Canada's frontier or offshore and receive food, clothing and shelter or are provided with transportation in the course of their work will now be taxed on a much stricter basis and will be required to pay more tax. How will that attitude of the government help the development of northern Canada and help Canada grow and develop its resources which have been neglected?

Other Canadians who will be affected are the farmers and fishermen who work all their lives to build up their equity in a farm or a fishing vessel. The only way they can provide for their future is to sell their assets—whether it is a farm or a fishing vessel—and put the money which they receive into an income-averaging annuity to avoid having it taxed at the highest possible rate in the year in which they receive it, so that their future security will not be wiped away. The minister will not allow farmers and fishermen and small businessmen, who have used this device in the past, to use it any longer. He is taking it away. Where is the equity in that?

Those are only some examples which prove the falsehood of the budget. There is the falsehood expressed by Bill C-97 that the government is restraining its expenditures and bringing equity into the tax system. We are left with Bill C-97 and its cutbacks which will affect Canadians for the next five years. Co-operative federalism is indeed dead. It has been killed by this budget and by the Prime Minister, who will not consider the reality that Canadians need services and an effective system to provide financially for those services.

The net result of the budget is that the federal government receives more and the provincial governments receive less. However, the provincial governments are still faced with the necessity of providing essential and necessary services to their citizens. The federal government has abandoned Canadians in all provinces and is not providing the provinces with the financial capability to provide services.

As I have indicated, the Secretary of State supports this legislation in the wake of the failure of the provinces to give political credit to the Government of Canada for the role that it plays. How callous and mean can you get when you are dealing with your own electorate, the people of Canada, who have elected this government? Canadians should be annoyed at how they are being treated. Many Canadians do not understand what is occurring in the House of Commons. They do not always understand the effect of the budget provisions or the effect of a piece of legislation like Bill C-97. That is why

we stand in the House and before committees, like my colleague for Kingston and the Islands (Miss MacDonald) did, and try to get the message across to the government and Canadians about the harmful effects of these financial measures. That is why we try to prevent the government from hiding behind an alleged policy of fiscal restraint or an alleged policy of equity in its budget measures.

We want to expose the government so that Canadians will be able to judge their elected representatives on both sides of the House and will be able to render judgment when the time comes. In the meantime, we will not listen to the fabrications foisted on the House by the government that it is restraining expenditures and creating equity in the tax system, while at the same time allowing essential services to be provided to Canadians in the same manner as in the past.

We must consider Bill C-97 in the context of the financial situation in Canada. We realize that the government has already spent too much of the taxpayers' money for too long and has piled up deficits which are too high. These deficits are coming back to haunt Canadians and particularly the Government of Canada. We must maintain services which we all regard as essential to all Canadians. I can think of many ways to raise the funds to support those services. All you have to do is look at the \$500 million dollar deficit in the Post Office. There are \$675 million in debt write-offs for the St. Lawrence Seaway. It is not difficult to find funds that will allow the government to maintain transfer payments at the current level so as to preserve the capability of the provinces to provide these services. Even if the government is not willing to do this for all the provinces which have been receiving transfer payments, at least it can do it in the case of those provinces, such as the maritime provinces, which it knows are unable to provide the financing for these essential services.

Now that the Minister of Finance has entered the chamber, I will remind him that the government of Nova Scotia, for example, already has a deficit of \$200 million; Newfoundland has a deficit approaching that amount, as has the government of New Brunswick. In percentage terms, the government of Prince Edward Island has a similar deficit.

I also want to remind the minister that these provinces are already spending a large amount of their total revenue on social services, education, and health. In Newfoundland, 25 per cent of the provincial revenue is spent on education, 20.6 per cent is spent on health and 17.9 per cent is spent on other social services. Where is that province's capacity to continue to provide services at current levels without help from the federal government? I remind the minister that I have already indicated that the bottom line of this proposal is that \$5.7 billion less will be flowing to the provinces, including the Atlantic provinces of Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island.

● (1650)

In the time I have left I would like to deal with the human side of the four elements which are very much involved in Bill C-97, the proposal we now have before us, with respect to