

Federal Transfers to Provinces

Quebecers in the following terms: What are the members from Quebec going to do when there is a vote on this bill? What are the Quebecers on the other side of the House going to do, they said yesterday evening, how are they going to support the federal government's financial policy? Well, Mr. Speaker, I think that we can tell Quebecers straight away that under the revised Fiscal Arrangements Act, \$105.5 billion are going to be transferred to the provinces across Canada. When people say that the provinces will not have their fair share, we must not forget that \$61.3 billion have been transferred to the provinces under the existing fiscal arrangements in 1977. During the 1982-83 fiscal year starting April 1, federal transfers for health and post-secondary education will amount to \$11.677 million, which represents an increase of \$1.212 million over 1981-82. These transfers are, of course, made under the established programs financing arrangements. In view of these two series of figures and especially of the date of April 1 which I have just mentioned, I was very surprised to hear a member of the New Democratic Party say that we had to act quickly, but that it was not really necessary to pass this bill in so much haste, that everything had been done quickly and that the hon. members, or at least those on this side of the House, were not ready to consider this bill. Mr. Speaker, all the members are well aware that the financial agreements will expire on March 31, 1982. How could a responsible government, in the absence of an agreement, fail to introduce a bill after allowing all parties concerned to discuss the matter so that we can have some legislation and some major mechanism to govern financial arrangements after April 1, 1982? I think that we have to be realistic and that, because of these dates, we had a deadline which we could not overlook.

• (1640)

We have also been told that the government always acts unilaterally and that there have not been any discussions or negotiations, but there certainly have been negotiations in the past months. There have been meetings of the finance ministers, there was a federal-provincial meeting early in February and there have certainly been negotiations involving senior officials. Moreover, changes have been made to the original proposals and the Canadian government has included these changes in Bill C-97. As I have just said, Mr. Speaker, there have been negotiations, and this bill includes changes requested by the provinces, and this is the point that I wanted to make, even some of the representations made by the elected provincial representatives of Quebec have been accepted. If I may, Mr. Speaker, I would like to deal once again with the major aspects of this bill and come back afterwards to the changes which have been made and which, in my humble opinion, will satisfy the people of Quebec. Equalization payments will increase from \$4.1 billion this year to \$4.7 billion in 1982-83 under the new system which extends provincial and local revenues subject to equalization and sets a standard based on a representative average.

As for the main changes to the existing formula which will expire at the end of the current fiscal year on March 31, they are as follows, Mr. Speaker: revenue coverage is extended so that the comparison of the respective fiscal capacities of the provinces take into account nearly all revenues and taxes received by the provinces and their local administration. This will add approximately \$16.5 billion of additional revenue in 1982-83. This includes various categories of revenues obtained from natural resources which were previously excluded from municipal property taxes and local government revenues from the sales of goods and services.

And now a very important element, namely the new equalization standard, the new formula, the set standard, the level to which the fiscal capacity of the provinces will be raised. The national per capita average was used as a standard under the formula due to expire at the end of this month. The budget advocated an Ontario standard and Quebecers will recall that the present Quebec government objected to that formula because, in their opinion, it was rather unstable and a more equitable formula had to be devised. In light of such representations from Quebec and other provinces as well, a new equalization formula was devised. That formula is contained in Bill C-97 and the Canadian government feels that it is fully geared to the economic realities of the 1980s. As I said earlier, this new formula has been developed to take into consideration the many suggestions made by the provinces during the federal-provincial consultations. According to the hon. member who spoke before me, none were held. He must surely be unaware of recent developments these past few months and over the last year.

As I pointed out, Quebec's finance minister had indeed stated on several occasions that such standard might quite simply unbalance the situation as regards equalization. So what has been done and suggested for the future is a standard based on the per capita average of five provinces which do not include either the richest or the poorest provinces, as follows: British Columbia, Saskatchewan, Manitoba, Ontario and Quebec. Mr. Speaker, those five provinces do represent somewhat of a half-way standard amid the ten provinces with respect to the per capita fiscal capacity and therefore it should be a representative standard. Everything considered, the Quebec government ought to be quite satisfied with the equalization provisions. I would suggest, Mr. Speaker, that Quebecers ought to be told right away that it would be rather surprising if we were to hear more about it from various quarters and be told that it is an unacceptable situation. In any event, perhaps it will be ignored and they will say: "Here we go again, the Canadian government in Ottawa is not giving Quebecers their fair share".

Mr. Speaker, there are people and perhaps elected Quebec members who will misinterpret my intentions and say that I am assuming what the reaction will be in Quebec. Mr. Speaker, the past bears witness to the future and since 1976, keeping