

Government Orders

They stand to lose their UI support while they are trying to retrain themselves.

We see in that circumstance an anomaly which is applicable here. A province which starts to pull itself up by the bootstraps, starts to make its economy function better, is being penalized so that it is going to lose rather than gain. Those are the types of things we have to change and this program goes a long way toward that.

I am not sure whether people understand exactly how the program works, but the payments are determined by a formula. You probably have the formula committed to memory, Mr. Speaker. It does calculate each province's capacity to raise revenue, compares the fiscal capacity to a standard level, and then raises less wealthy provinces to that standard level. The payments are calculated on a per capita basis.

What we see is that after equalization transfers the fiscal capacity of the seven less wealthy provinces in Canada will be about 93 per cent of the national average, compared with 85 per cent before equalization.

That is an obvious benefit to those provinces. It will allow them to continue to maintain the basic services that each province offers. It will help curtail the trickle down effect of what the federal government does as it relates to municipalities, and that too should have some benefit.

What was happening, and we saw it in all provinces, particularly in mine, was that the provinces were taking some of the cuts that were hitting them from the federal government and passing those down to the municipalities. We all know that municipalities have the least amount of resources available to them to raise taxes and to provide services to their citizens. In that sense we should see some benefit by arresting this process of trickle down cuts.

In conclusion, I want to thank the Chair for the opportunity to address this particular issue. We are going to see \$8 billion spent. We are going to see it equally spent on the basis of per capita and on the basis of the formula throughout the country.

Over the long term we are going to see a huge expenditure of money. I think the total when the program is over is quite substantial, I believe up to about \$900 million in additional expenditure, with \$160-odd million in the ensuing year. All of that is again going to assist governments in maintaining a basic level of service. It is also going to see money being put back into the economy. Hopefully we will see us start to move forward rather than stay in the recession mired economy that has existed for the total period of time that the Tories were in power.

I realize my time is over and I thank the Chair for the opportunity.

• (1305)

[Translation]

Mr. Ronald J. Duhamel (Parliamentary Secretary to Minister of Public Works and Government Services): Mr. Speaker, I am pleased to speak on the renewal of the equalization program for the next five years, starting April 1, 1994, because I believe that this transfer program is among the most important. In a way, it makes our country unique, in that we are ready to share, albeit imperfectly, the wealth of all this great country.

According to the current provisions, equalization payments will grow from \$8 billion in 1993-94 to \$10.4 billion in 1998-99, that is, within five years. This is an average annual growth rate of more than 5 per cent. It is a very large growth rate, considering the financial situation we are in now.

What are we trying to do with this program? Well, quite simply, we are trying to establish a level of funding within Canada to provide services of comparable quality for all citizens. As I just said, it is an important program, although less than perfect, but it still succeeds in giving more to the provinces that have less.

We were just talking about national standards. I accept them provided that they are established with elected officials who meet and discuss possible objectives. Then the provinces should be allowed, not just allowed but asked, because some of them have a constitutional responsibility, to decide how they will achieve these objectives that were established in discussion, dialogue and co-operation with one another.

I find the following fact interesting. Are agreements like GATT or NAFTA not bilateral or multilateral standards? If I understood correctly, the program between the province of Quebec and the federal government was just being criticized. There is a flagrant contradiction in that. Clearly they are prepared to enter agreements with other countries involving dialogue, discussion and co-operation, but here, because we belong to the same country, they are not prepared to do so. I find that unfortunate and even unhealthy.

I believe that all Canadians, including Quebecers—note that I do not say Canadians and Quebecers; I say “all Canadians, including Quebecers”—derive significant benefit from this transfer program.

[English]

I was just indicating that this is one of the very important transfer programs because it attempts to ensure that all Canadians, whether they live in the territories, in Quebec, in my home province of Manitoba or wherever in this grand nation, receive comparable levels of service so that the quality of life for each Canadian is as even as possible and as like one another as possible.