

Federal Transfers to Provinces

total federal budget. The purpose of this legislation is therefore the sharing of revenue either within a province where some people are better off than others and revenue can be shared through the taxation system. In a federal system, provinces which are better off, either because of their industrial structure or because of the revenues generated by their natural resources, must share with the others. Richer provinces must share with the poorer provinces. This is the purpose of the bill now under consideration, and this purpose is achieved through four programs, namely, equalization, hospital insurance, medicare and post-secondary education.

The proposals of the federal government provide for an increase in the amount of the transfers proportionate to that of the gross national product over the next five years. These proposals are the result of consultations with the provinces. Since December, 1980, the federal Minister of Finance (Mr. MacEachen) has met with his provincial counterparts on five occasions. There were also bilateral consultations between the officials of most provinces last summer. Since then, there have been 13 federal-provincial conferences and meetings between officials. The hon. member for Calgary West stated that this was another unilateral decision made by the federal government to amend the fiscal arrangements. Once again, this is only a half-truth. In addition to all these consultations and those 13 federal-provincial conferences, a parliamentary task force was created to examine these fiscal arrangements. This task force held public hearings throughout the country and looked at the changes which should be made to previous agreements to make them more realistic and functional and to make sure that they always reflect the objectives of the federal-provincial agreements, because federal-provincial relations are a central and irreplaceable element of our federal system. They provide essential communications between the two levels of government while allowing all the flexibility required to distribute effectively the powers of taxation, of spending and of legislation laid down in the Constitution. These consultations have been going on for 18 months. Hospital insurance, medicare and post-secondary education are very important elements of the fiscal arrangements between the federal government and the provinces. While these programs are administered by the provinces, they are to a large extent financed by the federal government even though the Canadian public is not necessarily aware of the origin of the funds. The provinces even attempt at times to hide the source of financing or not to divulge where it gets the money to implement its medicare, health services or hospital insurance programs.

In 1980-81, the amount of federal cash grants and revenues derived from fiscal points in respect of personal and corporate income tax granted by the Canadian government to provinces totalled \$9,600 million for those programs and \$3,400 million in equalization payments. Those are moneys collected by the federal government and redistributed to the provinces under these arrangements, but unfortunately the provinces hid the source of that funding and the Canadian government received no credit for it.

I must admit that the terms "fiscal arrangements" and "federal contributions to equalization payments" and the health and hospital care policy are unknown to the Quebec P^équistes. They make a point of not mentioning those 20 per cent contributions, preferring instead to talk of independence and turn down every federal initiative. I think the hon. member for Hull (Mr. Isabelle), who is right in front of me and is a physician, could speak at length on the matter of hospital and health care.

So these terms have been completely ignored since 1976 by the P^équistes. Who said that Ottawa was levying taxes without being entitled to those moneys. Strangely enough, Mr. Parizeau is now saying that if they do not get those moneys, well, they will have to levy more taxes. Some 24 per cent of Quebec's revenues come from transfers from the Canadian government to the Quebec provincial government, 24 per cent of their revenues come from moneys levied through federal taxes and repaid to Quebec under the fiscal arrangements, the major part of which, being equalization payments, are unconditional transfers. Let us look at the Canadian government contributions to the province of Quebec for the fiscal year 1981-82. They were as follows: \$592.2 million for hospital care; \$203.9 million for medicare; \$376.6 million for secondary education; \$186.3 million for supplementary health services; and also for 1981-82, equalization payments totalled \$1,779 million, or \$281 per capita. All this means, Mr. Speaker, is that more than 50 per cent of all equalization payments go to the province of Quebec, but nobody mentions it. The P^équistes prefer to talk about sovereignty, meaning independence and language priority, or so they say. Well, that so-called equalization contribution to Quebec accounts for more than 52 per cent of the total paid to Canadian provinces. Newfoundland received \$410.9 million; Prince Edward Island \$94.4; Nova Scotia \$480 million; New Brunswick \$411 million; Manitoba \$355.2 million; Saskatchewan \$55.2 million, for a total \$3,587 million. More than 50 per cent went to the province of Quebec, but Mr. Parizeau ignores it. And fiscal equalization is an unconditional transfer program from the Canadian government to certain provinces so that they can supply a reasonably comparable level of basic public services without having to tax too heavily.

Under the existing arrangements, three provinces receive no equalization payments, namely British Columbia, Alberta and Ontario. That is why I said that only certain provinces received equalization payments, unconditional transfers from the Canadian government to the provincial governments. In 1980-81 that program cost \$3,395 million to the federal government and will reach \$3,587 million in 1981-82. All provinces do not have the same capacity to generate revenues from the taxes they raise to finance the services for which they are responsible under the Constitution. That is why the equalization program was established in 1957. The formula was based on provincial revenues from three tax fields: personal income taxes, corporate income taxes and succession duties. The formula was changed over the years and grew ever more complex. The one we are using now dates back to the 1967 principles when the