

Federal-Provincial Fiscal Arrangements

words. A study of the precedents shows that this type of motion has always been allowed at the report stage. I will refer Hon. Members to Speaker Jerome's decision of June 29, 1976, where the Speaker said that the Standing Order: "Appears to give them a sanctity that does not extend to other motions".

Furthermore, Speaker Lamoureux made the following statement in his ruling of February 13, 1969:

—an Hon. Member may do certain things at this stage of the proceedings, one of which is to move the deletion of a clause.

Although the Chair has difficulties with this motion, I am prepared to allow the Hon. Member to move his motion on the basis of the two precedents I have quoted.

Therefore, this motion will be debated and voted on separately.

[*Translation*]

Mr. Raymond Garneau (Laval-des-Rapides) moved:

That Bill C-44 be amended in Clause 2 by striking out line 19 at page 1 and substituting the following therefor:

"and ending on March 31, 1990, a fiscal".

Mr. Speaker, thank you for allowing me to present Motions Nos. 2 and 4 to be debated and voted on in this House.

Mr. Speaker, I moved Motion No. 2 which seeks to limit the application of the 1987 Bill C-44 to 1990 instead of 1992 on account of the announcement the Finance Minister made in this House in his budget speech and to the general public last July, when his Government expressed its intention to proceed with a thorough tax reform that would affect personal and corporate income tax, the idea being that the tax base would be modified, broadened, that some taxpayers would be taken off the tax rolls and that a heavier burden would be borne by corporations, thus allowing the fiscal burden of individuals as it is after the last three Budgets to be reduced and maybe brought back to the 1984 level.

Mr. Speaker, such fiscal amendments will definitely impact on provincial revenues, and we know that the equalization formula under which the federal Government makes payments to provinces—and this is what Bill C-44 would be doing—is based on the per capita yield of one tax point in each province, such yields being equalized according to a five-province average. Now, Mr. Speaker, the tax reform that has been announced—and unfortunately we are still awaiting the White Paper on that tax reform—is to include not only the amendments I just referred to, but also in-depth changes to the federal sales tax, which could be replaced by a value-added, or transaction tax.

We are told—and this has been repeated on a number of occasions—that such an amendment could even lead provinces to review their own provincial sales tax systems and share, according to a formula that is not known to me, in that proposed value-added, or transfer, or transaction tax. Mr. Speaker, such an overhaul could be very significant indeed, and would certainly change provincial revenues, which in some

cases could be higher and other cases lower, and the average itself no doubt could change.

First, in respect of the personal income tax, the taxable income average is not the same in Prince Edward Island, Newfoundland, Nova Scotia, Quebec, Manitoba, Saskatchewan, all provinces that receive equalization payments.

This means that if yields differ from one province to the other and there is a lowering in principle of income tax rates for individuals at the lower end of the income scale in Canada, the impacts on revenues in each province will be changed, and this in turn could alter equalization. This is why I propose that the scope of Bill C-44 be limited to three years, from 1987 to 1990, to enable the House and the Government—whoever may be in Government in 1990—to force the House to review equalization payments and the equalization payment formula to take into account such changes and the impact that tax changes could have on provincial revenues, and thereby on equalization. The argument we hear from Government benches is that it is always possible for the House of Commons to review equalization payments and that the Government could bring in legislation that would take into account the impact of tax reform.

Mr. Speaker, I readily admit that such a possibility exists. It is absolutely true that the Government could, over the five year period, come up with a new proposal in the House of Commons. But it could also very well be that the Government that will be in place after tax reform will decide not to make any change. This might, or would force provinces to go through a difficult period fraught with financial difficulties, complexities in providing services of a uniform high quality from coast to coast. Therefore, by suggesting that the scope of Bill C-44 be limited to three years instead of five, this would allow the House and government Members or place them under the obligation to review the legislation in order to take into account changes that might be caused by tax reform. I am sure that the Minister of Finance (Mr. Wilson) and especially the Minister of State for Finance (Mr. Hockin) have brought these arguments forward. I would not want to doubt their good intentions but I am reminded of the old saying that might is right. The Hon. Member for Trois-Rivières (Mr. Vincent) will certainly recall how often this sentence was used by the man who once represented the riding of Trois-Rivières in the Quebec Legislative assembly as he sought to ensure equitable treatment for provinces in terms of equalization payments.

It is my hope, Mr. Speaker, that this prudent step which has no effect on government policy at the present time and which is intended to ensure greater equity and to provide greater security to provinces with regard to equalization payments they receive from the federal Government—that the amendment contained in Motion No. 2 which I am tabling to ensure income stability for the provinces shall be well received by all the Hon. Members of this House.