

Federal-Provincial Fiscal Arrangements

ments, a system of lower and upper limits which was established recently but has yet to be implemented.

[English]

As Members will be aware, this Act also contains a number of other programs and provisions which together make up what is generally known as "the fiscal arrangements". These programs, that is the authority to enter into agreements with the provinces for the collection of income taxes and for the payment of each others' sales and excise taxes, the personal income tax revenue guarantee, and Established Programs Financing, will all continue essentially unchanged.

The fiscal stabilization program which provinces have said they would like to see continue will also be maintained. Some adjustments are being made to improve and clarify the program in light of difficulties which have arisen in its administration, but in administration only. Should any future stabilization payments be very large, any assistance in excess of a base amount will also take the form of an interest-free loan. In fact, the stabilization program is likely to be triggered infrequently. It provides for a federal payment to a province in the event its revenues were to decline from one year to the next because of an economic downturn. In short, the main thrust of this legislation is to review and extend existing fiscal arrangements programs and provisions.

Before concluding, it is important that I say a word about federal-provincial consultation because everything in this Bill has been discussed with the provinces. As Members will be aware, the Federal-Provincial Fiscal Arrangements Act involves federal legislation and federal expenditures. Amendments do not require provincial consent. The Government is, however, strongly committed to open discussion and consultation with the provinces, whether or not they need provincial consent.

[Translation]

We held lengthy consultations with the provinces before introducing this Bill. These consultations began in 1985, almost two years before changes were to be made to the existing program. Therefore the provinces have had every opportunity to contribute directly to improving the program.

[English]

In conclusion, Madam Speaker, this Bill comes before the House at this time because Parliament has traditionally authorized equalization payments for five years at a time. The present equalization authority is scheduled to expire on March 31 of this year. It needs to be renewed if payments to provinces are to continue without interruption. This Bill makes clear the Government's continuing commitment to equalization. Our willingness to do as much as we can to assist the lower income provinces is made very clear in this Bill. The Bill provides large and growing support under equalization. It comes on top of other strong support we are giving to less wealthy regions of the country. It will extend and improve other federal-provincial fiscal arrangements programs and provisions. It follows a long process of consultation with the provinces.

For all those reasons, Madam Speaker, I call upon all Members of the House to give assent to this Bill.

[Translation]

Mr. Raymond Garneau (Laval-des-Rapides): Madam Speaker, I listened carefully to the Minister of State (Finance) (Mr. Hockin) as he extolled the virtues of Bill C-44. In my speech, I intend to show that his enthusiasm is out of touch with reality. In fact, if we consider both the additional transfers the provinces have received under equalization, as the Minister said, together with the cuts the same provinces have suffered under established programs financing, which includes post-secondary education, health insurance and hospital insurance which are all part of the fiscal arrangements, the provinces stand to lose nearly \$400 million over 1987-88 alone. Madam Speaker, in my speech I intend to prove that the provinces will lose money.

[English]

In fact, if the additional equalization transfers which the provinces are to receive are taken together with the cuts, they will suffer in health care and post-secondary education financing and they will lose close to \$400 million in the fiscal year 1987-88.

• (1140)

[Translation]

Madam Speaker, before getting into the specifics of the Bill and the reasons why it would be very difficult for us to support the Government, I would first like to give a short overview of the history of equalization payments to the provinces.

In the middle of the fifties, subsequent to a recommendation made by the Rowell-Sirois Royal Commission of Inquiry just after the war years, the Liberal Government introduced a series of measures in an attempt to improve the balance between Canada's various regions. Following an in-depth study conducted by Maurice Lamontagne, later a Member of this House and a Member of the Government—at this point I would like to pay tribute to the work done by Mr. Lamontagne, and there was also a task force consisting of Members of this House, including one who later played an important role in Quebec politics, the Hon. Jean Lesage, who was a Member of this House and a Member of the Liberal Government headed by Mr. Louis St-Laurent—therefore, as a result of this work, the Government introduced the principle of equalization.

Equalization means enabling each province to offer the people of that province the same number and level of services. The general objective was to give Canadian citizens the same opportunities, whether they were living in Newfoundland, British Columbia, Manitoba, Alberta or Quebec. The proposal is a very liberal idea and reflects a concept of Canada the Liberal Party has always had: Canadians across this country should have access to comparable services.

Subsequently, after this measure had been in effect for several years, the Economic Council of Canada pointed out in