

would not, in fact, lose any revenue and it would clearly be inappropriate to calculate the amount of its revenue guarantee payment as if it had. Accordingly, it is proposed that the yield of the "actual" system be adjusted in such a way as to prevent the making of a guarantee payment to a province for a revenue loss it did not sustain.

Mr. Speaker, that brings me to the end of my comments on this bill. The various policy issues in the bill have been taken up with the provinces and we have consulted with them fully on these changes. At the beginning of my remarks I noted that the purpose of the equalization program was to permit the less wealthy provinces in Canada to provide national average levels of service without having to resort to excessive levels of taxation. In this regard the program has been most successful. A look at the record will provide the necessary evidence of that fact.

Over the period of the present arrangements, equalization payments per capita, on a national basis, have increased by over 85 per cent, rising from \$106 in 1972-73 to \$197 in 1974-76. In Newfoundland, per capita payments rose from \$215 in 1972-73 to \$371 in 1974-75; in Prince Edward Island, from \$224 to \$410; in Nova Scotia, from \$155 to \$296; in New Brunswick, from \$162 to \$322; in Quebec, from \$88 to \$167; in Manitoba, from \$68 to \$122; and in Saskatchewan, from \$112 to \$127, notwithstanding the higher revenues that province now receives from oil and potash.

What contribution have these equalization payments made to the financing of provincial goods and services? In Newfoundland, equalization payments in the year 1974-75 represented over 58 per cent of all the revenues that province raised from its own tax sources; that is to say, for every \$100 Newfoundland raised from its own sources, the federal government supplemented it by \$58 in equalization payments. In Prince Edward Island the percentage was 57 per cent; in Nova Scotia it was 46 per cent; in New Brunswick it was 47 per cent; and in Quebec, Manitoba and Saskatchewan it was about 17 or 18 per cent. This is a substantial contribution to provincial treasuries. These very large transfers have permitted the less wealthy provinces to make per capita expenditures at a level that is almost as high as that in the wealthier provinces. The basic objective of this program is clearly being fulfilled.

Mr. Speaker, the amendments being proposed in this bill will continue and strengthen this important program. I commend it to all hon. members and urge its adoption.

**Hon. Robert L. Stanfield (Leader of the Opposition):** Would the parliamentary secretary accept a question? Could he indicate to the House whether any province—if so, how many, and which provinces—has objected to the bill, particularly to the formula relating to the application of equalization to oil revenues?

**Mr. Cullen:** The Leader of the Opposition (Mr. Stanfield) did not give me an opportunity to file my caveat. I was going to remind him of the lawyer who told his students never to tell their clients that they did not know the answer. When a law student asked him, "what if you don't know the answer?" the law professor said, "you get the client to go out and get more facts, while you look up the law". With that in mind, I will try to get the informa-

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tion for the Leader of the Opposition and give it to him later in the day.

**Mr. Stanfield:** I thank the parliamentary secretary for his presentation and for his assurance that he will get the information that I sought from him. I think perhaps he understated the value of the equalization payments. He said that for every \$100 raised by Newfoundland—it is important, in the interests of confederation, that the word "Newfoundland" be pronounced correctly—from its own sources, they get another \$58 in equalization, whereas I thought he said previously that 58 per cent of all the revenue of Newfoundland came from equalization. Can the parliamentary secretary also clarify that for us a little later?

I do not intend to oppose this bill proceeding to the committee, but there are a few comments I would like to make in connection with it. First of all, I was deeply touched by the lecture which, the parliamentary secretary said, the Minister of Finance (Mr. Turner) read to his provincial counterparts about what a terrible thing it was to live on the avails of inflation. I thought that was quite a lecture, coming from the Minister of Finance who not too long ago opposed the whole concept of indexation. It is interesting to see that in due course the minister not only reversed himself on that but is now lecturing the provinces about the sinfulness of their profiting from inflation in terms of having their revenues increased for that reason.

I rise this afternoon to direct a few comments to the parts of the bill that relate to equalization and, more particularly, to the equalization of oil revenues received by the provinces. As the parliamentary secretary explained, the approach to equalization of these revenues, under this bill, is to make a distinction between the revenues which the provinces receive on the basis of prices that were in effect before the so-called international oil disturbance—those revenues will be equalized just like any other revenues received by a province—and the revenues which provinces receive as a result of prices going up following the international oil disturbance, which would be equalized to the extent of one-third of such revenues.

As I rose, I was inclined to call that a phony distinction, but I think it would be more proper to call it an arbitrary decision. I understand, of course, why the government proposes to make such a distinction and why it finds it unacceptable to include in the equalization concept all the revenues that the provinces receive from petroleum. I understand that to do so would no doubt involve the government in very substantially increased expenditures under the heading of equalization. It would probably result in the imposition of additional taxation across the country for this purpose, which would mean that the people of Ontario, for example, would not only be paying higher oil prices but would be paying additional taxation in order to enable the federal government to meet its obligations under an equalization concept which involved the idea of the equalization of all petroleum revenues received from the provinces.

● (1530)

I presume it was for this reason that the Minister of Finance rejected the plea of the Premier of Nova Scotia,