

*Government Orders*

pleasant to have models that are far from our reality, especially in the area of health, where we have a completely different system here, although the Americans are starting to lean in our direction now.

In that regard we must be careful. This does not mean that we cannot agree eventually to standards in very specific areas like the environment, as I pointed out earlier. But for the rest, we must be very careful with regard to standards and that is why we have this plan.

[English]

**Mr. George S. Rideout (Parliamentary Secretary to Minister of Natural Resources):** Mr. Speaker, it is a pleasure to speak about this legislation and interesting to listen to the comments of others.

• (1255)

We in New Brunswick would like to be a have province. As we continue working toward improving our economy and improving our lot, we feel we ultimately will be a have province and will be able to contribute to those provinces which are less fortunate. Right now we have the problem where our resource base and our economy do not generate as much wealth as we would like. Therefore this legislation and the program that is contemplated by the changes recommended by the Minister of Finance are vitally important to New Brunswickers.

For those who are not aware of exactly what the bill contains, we are talking about equalization and making things fair. Each province has its own complaints. I have listened to members opposite talk about the different things that bother them, that they do not feel they are getting a fair shake. From time to time all provinces have complaints and feel they are hard done by. Most of the rest of the people in the world would like to be as hard done by as we are, with the resources, wealth and opportunities that exist for us.

Over the years the Liberal Party has stood for many things. One thing it has stood for is the principle of equality for all Canadians. This has been under attack by some. It is a difficult situation to maintain but it is a goal and an objective to which we should aspire. The changes this legislation puts forward will go some way to help the situation.

The purpose of equalization is to enable provincial governments to provide their residents with comparable levels of public service at reasonably comparable levels of taxation. It could not be achieved in the country without the principle of equalization.

Right now we face a situation in which approximately seven provinces qualify for equalization payments. I imagine that each one of those seven provinces is hoping it will be out of that situation and will be contributing rather than taking.

It is important to realize that in this legislation not only is some additional money going to the provinces. The legislation is also going to make changes which are also being made to help the natural resource based provinces of Atlantic Canada and in the west. What happens is a tax back because of the resource based economies. In part I a change is contemplated that will alter the formulas that are being applied so that it will not be a detriment to those provinces that have large natural resource contributions to their GNP. I imagine the members from Alberta and British Columbia are very pleased with this legislation and what it will do to assist them. Obviously Saskatchewan and Manitoba will see great benefits.

As well we have to look at what we are trying to equalize. We are not talking about frivolous things. We are talking about basic public services that are rendered to all Canadians. With that in mind this legislation goes a long way toward correcting some of the anomalies that have developed.

In 1991 the former Conservative government cut \$100 million in support to the province of New Brunswick just by changing the formula. The government in New Brunswick had already prepared a balanced budget and all of a sudden with a change in the formula and support the federal government was going to provide, the province of New Brunswick lost \$110 million in equalization payments. For a province like New Brunswick it blew the whole budget process out of whack. As Premier McKenna said at the time New Brunswick was being penalized for being better off: "The better off we are the worse we do".

• (1300)

The net effect of that was to take a province which probably has one of the most dynamic economies in the country right now and to penalize it when we should be trying to assist it. This legislation and the changes that are contemplated here will go in some measure toward getting a certainty back into the system. It will change the ceilings on the formulas so that they are applied more equally and better to all of the provinces in the country. It will allow provinces like New Brunswick to expand their economy, make things happen, but at the same time not penalize them when they are successful.

It reminds me of the situation with UI, which is another program that this government is finally going to deal with. It seems that any person who is on UI and tries to better themselves or tries to take advantage of educational retraining programs is automatically penalized as far as their UI program is concerned.