

# HOUSE OF COMMONS

Tuesday, July 8, 1975

The House met at 11 a.m.

## GOVERNMENT ORDERS

[English]

### FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT, 1972

#### AMENDMENTS TO CHANGE CALCULATION OF PROVINCIAL EQUALIZATION REVENUE RELATED TO OIL AND GAS

**Hon. John N. Turner (Minister of Finance)** moved that Bill C-57, to amend the Federal-Provincial Fiscal Arrangements Act, 1972, as reported (without amendment) from the Standing Committee on Miscellaneous Estimates, be concurred in.

Motion agreed to.

**Mr. Turner** moved that the bill be read the third time and do pass.

**Hon. Robert L. Stanfield (Leader of the Opposition):** Mr. Speaker, I had some things to say about this bill on second reading. When the Minister of Finance (Mr. Turner) was unavoidably absent from the House, I emphasized at that time that this arrangement, which deals solely with equalization of shared tax revenues with the provinces, is an improvised and quite arbitrary arrangement. The most important provision in the bill deals with the equalization as it relates to revenues derived by provinces from petroleum sources. The bill provides in general terms that the revenues the petroleum producing provinces derive up to the old price before the world price started to take off would be considered provincial revenue for the purpose of equalization, but that the revenue derived by the petroleum producing provinces from petroleum priced above that level would not be considered provincial revenue for the purpose of equalization.

One can readily see that this is an entirely improvised and entirely arbitrary arrangement, because revenue that a province derives as a result of the higher price of oil is just as much provincial revenue as revenue derived by a province from a lower price of oil. If one believes, as I said on second reading, that the higher price of petroleum products is a temporary phenomenon then there might be some justification, if not in principle, for this bill. But the bill cannot be justified in terms of principle; it can be justified only in terms of being a practical arrangement put forward by the government to meet a particular difficulty, the difficulty being the amount of expenditure the federal government would have to make to the less wealthy provinces if the revenue received by the oil-producing provinces from the higher price of oil were considered provincial revenue for purposes of equalization.

● (1110)

I, therefore, understand why the government puts forward some such proposal as this. I would point out, however, that not only is this arrangement purely arbitrary in the sense that it is not based on any principle, but it also represents a very sharp reversal of position by the federal government. Years ago when I used to attend federal-provincial conferences as a provincial premier, the then Premier of Alberta, Mr. Manning, used to argue that the revenues the province of Alberta received from its petroleum resources should not all be considered provincial revenue for the purpose of equalization. He used to make this argument time after time, but he never got a shred of sympathy or anything else from the then minister of finance who, I think, is now government House leader and who appears to be very happy in his position, which is completely different from the one he used to take as the minister of finance.

I know it is late in the day at third reading to suggest to the government that it might go back and consider a more fundamental and more-satisfactory approach to petroleum revenues for equalization purposes than this sort of patched-up and wired-together kind of position which will really not stand any critical analysis in terms of principle. It is purely improvisation, purely arbitrary. I repeat here this morning that the federal government, in my judgment, would be wise to reconsider with the provinces the whole question of provincial revenue from petroleum and other natural resources in terms of the equalization question in order to try to develop and adhere to some kind of consistent principle that can be maintained, because what we have here now is quite arbitrary. I say this not simply to be a stickler in terms of principle, but perhaps I might repeat what I said so well at second reading stage.

**Some hon. Members:** Hear, hear!

**Mr. Stanfield:** In view of this being such a complete reversal of position by the federal government on petroleum revenues in connection with equalization, I said then:

I do not know just what confidence the Minister of Finance in Canada can have today that any provincial treasurer or any provincial minister of finance is really going to take seriously any conceptual argument put forward by the Government of Canada. I do not know how a minister of finance of Canada can expect a provincial treasurer to have anything but skepticism at best, and cynicism at worst, about any conceptual argument put forward on behalf of the Government of Canada—

I went on to mention some instances. Now, since the second reading of this bill when I said I was not going to object to the bill going to committee—in fact I indicated I was not prepared to oppose the bill, by implication at least—we have had the statement in the budget address of the Minister of Finance relating to hospital care and medicare, and the arbitrary unilateral position of limits on