

Equalization Payments to Provinces

Canada. From the figures I have seen in recent years it is clear that the cost of primary and secondary education is a problem as acute for the municipalities as is post-secondary education for the provinces and the federal government. Merely to say that because the provinces are not equalizing municipal revenues and taxes when we should not take any step in that direction simply does not impress me at all. It seems to me to be a complete abdication of leadership in an area where leadership is sorely needed.

Mr. Pepin: It might impress some of your supporters in Quebec.

Mr. Lewis: I did not hear the minister's remark.

Mr. Pepin: The fact that the federal government is not interfering in municipal affairs might impress some people, like your supporters in Quebec.

Mr. Lewis: Not only is the latter part of the minister's remark inaccurate, but may I put something to him in a way which I hope will not too greatly offend him.

● (12:20 p.m.)

When I was bringing up my children, before they become 18, when they would be independent, one of the things I always said to them was that they ought to learn to listen with their ears instead of their prejudices. The minister ought to learn that too, because I did not for one moment suggest that he should interfere in municipal affairs. I did not for one moment suggest that the federal government should take any steps which would in any way invade the municipal government area. I asked the minister whether they took into account municipal revenues, and his answer was that it would cost \$200 million more, which I suggest is not a very serious problem in the context in which we are discussing it. Then he went on to say that the provinces must take the lead in equalizing municipal revenues before the federal government steps in.

I am not asking the minister to produce this tomorrow; he does not do things in that way. I suggest that the Minister of Finance meet the various provincial governments and discuss with them a method to equalize municipal finances, or do something to assist in this situation. The minister must have known that was what I had in mind.

I am neither suggesting an amendment to this bill nor asking that the minister bring

[Mr. Lewis.]

one in. I merely suggest that the way to do this is for the federal and provincial governments to take a very careful, concerted look at this painful problem of municipal need and municipal taxation across the country, as well as the requirement for the federal government to give some leadership in stimulating the provincial governments to take steps to remove some of the unbearable burden which the small home owner now carries and make possible a greater equality of social service and treatment for these people across Canada.

In the municipalities and similar smaller jurisdictions occur a great many of the things which affect the daily lives of the people. This is the level of government which is responsible for it. It is for this reason that I have raised the matter. I quite accept the fact that the minister could not give an answer to that kind of difficult problem at the snap of a finger. If I became a little strong in my wording it was because I am personally fed up to the teeth with the tendency on the part of this government to refuse to take any leadership in matters which require urgent and constant responsibility at this level of government.

Mr. Sharp: May I say a word in an effort to reduce the temperature of my hon. friend from York South?

Mr. Lewis: I do not know that you should.

Mr. Sharp: The effect of the equalization proposals we have placed before the house is to help the provinces which want to help their municipalities. If the provinces wish to transfer part of the responsibility from the municipal to the provincial taxpayer, we will equalize that source of revenue. Therefore I say to the hon. member that perhaps he has misunderstood the purpose of the proposal we have put forward.

May I add one other thing. Even if we were to include municipal revenues, the effect would not be to help the municipalities in any province which had a standard of tax capacity higher than the average. It would not help the municipalities of Ontario. They still would not receive any equalization payments from the federal government, because they still would be in a better fiscal position in relation to the provinces and municipalities elsewhere. The same would be true of British Columbia. This proposal is only a means of redistributing the revenues so as to bring the tax revenues of the poorer provinces up to a national average so that rates of taxation higher than normal do not have to be applied