

Those three large programs represent roughly 90 per cent of those transfers, and they are obviously very important.

This particular bill deals primarily with equalization and only indirectly with the other two. As you well know, when we extend these agreements it is normally extended for five years. In this case it will be two years only because we are told that there is a review going on.

The concern that I have is there is no specific time line with regard to that particular review. I would like to call upon government to ensure that the review is a visible process, that it is clearly outlined, that it indicates exactly what it intends to do, that it identifies the participants, who will be involved in that review along the way, and that it also states what a specific time line for the completion of the review will be.

I think that is very, very important because the assumption here is that the review will be completed before there is another change that is required.

[*Translation*]

Since these programs have a very substantial impact throughout the country, we must be absolutely sure what is going on in terms of the review being done at this time. When will it be completed? What will the implications be? What exactly does the government want to do?

[*English*]

I have also noted that in this particular bill, there is a change of the base year from 1987-88 to 1992-93. I bring this to your attention because now, as a result of that change, there is no ceiling for this particular year.

The question that is raised automatically is: Why has there been a change? It is really quite unclear. I have not been able to understand it. Clearly, when I have raised the question, I have not received a satisfactory answer.

I want to commend the government for having brought forward some improvements. There are tax base improvements to update and improve the measure of the fiscal capacity of the provinces. That is important because it really assures those provinces that do not have as much as others, relatively speaking, will be rewarded

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financially with respect to these transfers in a more sensitive way. In fact, there is going to be a \$200 million payment made to adjust that insensitivity that occurred in the past.

It also recognizes the provincial concerns about the interaction of EPF and equalization. There is an interaction between these two programs which is important. It will be retroactive and it will also be implemented to respond to future needs. That is a positive improvement which I applaud.

There is also a detailed framework for the administrative agreements dealing with all types of taxation. I understand the government's desire to have an agreement in place where provinces want to harmonize certain taxation systems. I am referring specifically to the GST.

We know that Quebec has indicated an interest in harmonizing its particular system with the federal government. Clearly that needs to be in place, not only for Quebec but also for other provinces that may want to do that.

Let me just talk briefly about this equalization program. It is important for us and for all Canadians, in particular, to understand its importance.

As I indicated previously, we talk about \$8 billion being transferred and we recognize that equalization is really the cornerstone of fiscal federalism. Without this equalization there would be tremendous disparity in the country. There is already significant disparity, but it would be even much more than it is today.

The intent of those transfers is to provide reasonably comparable services at comparable levels of taxation. So no matter where I live in this great country, I should be paying comparable levels of taxes in order to obtain the same quality of services normally found elsewhere.

Perhaps people will know that seven provinces benefit from this at various levels because of their wealth base. There are three provinces that contribute, namely Alberta, British Columbia and Ontario. All of the other provinces receive something.