

Federal-Provincial Fiscal Arrangements

[Translation]

Madam Speaker, I shall now return to Quebec and to the letter which was made public by the minister of Finance, Mr. Gérard D. Lévesque, and to which the minister of Finance of Canada had responded through the newspapers. I would like to read an excerpt dealing with the technical changes which were made with regard to property tax. Why is it that the Federal Government has decided to establish the tax base using the reports of a real estate brokerage firm, namely Royal LePage, rather than the standardized assessment rolls of certain provinces such as Quebec? I wonder why they did that. Here is what the Quebec minister of Finance, Mr. Gérard D. Lévesque, has to say on the matter: "The most important technical changes, those dealing with property taxes, are for the most part arbitrary and have nothing to do with the reality of Quebec. In view of the many criticisms by Quebec about the methodology applied by your services and the data sources used, I have serious doubts about the usefulness of the consultation process which has led to such results."

Madam Speaker, in his presentation, the Minister of State for Finance spoke about consultation. It is all very well to consult and to hold meetings, but if it is only to be able to tell the House that there have been consultations when a Bill is introduced, how useful can it really be? However, if the Government used consultations to try to understand the needs of the various provinces and propose solutions based on real facts, that would be another matter. Usually, the Quebec Minister of Finance is a man who thinks before he speaks. Mr. Gérard D. Lévesque is not a man to cry wolf. He has a long parliamentary experience and that is not his style. His predecessor used to make flamboyant statements. However, Mr. Lévesque seldom speaks only to create a sensation, and since he says that he has serious doubts about the usefulness of the consultation process, I must also wonder why the Minister of State for Finance felt it proper to suggest that Bill C-44 was the result of a provincial consensus when such is not the case.

Madam Speaker, I have a few more points to make before concluding. When the Budget was brought down on February 18, the Minister of Finance refused to table revenue projections for the next few years. He said that he could not do so because of the impact of the tax reform. He seemed to be saying that, since there might be a tax reform, he could not make any projections. As for me, I believe that his reasons were quite different. He did not want to show the impact of the tax increases brought about by his 1985, 1986 and 1987 Budgets, and the impact of these tax increases on Canadians would have been plain as a pilsstaff. However, if we accept the explanations of the Minister about why he cannot give revenue projections to the Members of this House who have to make decisions on the financial administration of this country, how can the Government then propose that Bill C-44 apply for a five-year period, since equalization payments are based on the tax performance in the provinces, which is equalized to the average of five provinces, and since we all know or presume that the tax reform will mean major changes to the tax base? For this reason, when we reach the clause by clause stage, we

shall be proposing amendments to limit the period of application of this Bill, at least as concerns the equalization payments, and set a limit of perhaps of one or two years so that the House can review the impact of the tax reform on the Bill.

What will be the objectives of the tax reform according to what the Minister of Finance said in 1986? In a statement to the press, the Minister of Finance stated that the Canadian tax reform would follow the American model, the purpose being to extend the base, lower the rates and transfer some of the burden from personal income tax to corporate taxes, or, in other words, to bring us back to the situation before 1984, when the Government transferred a very heavy burden to individual taxpayers. However, this change will have a definite impact throughout Canada, but not to the same extent everywhere. As a consequence, there could be changes, even deep changes it seems to me, in the equalization payments especially to provinces with the weakest industrial and corporate base. Since the Government is seeking to get a larger part of its tax revenue from corporations, it is clear that the less industrialized provinces, the ones with less corporate profits to tax, will be affected. The Minister of State for Finance and the Minister of Finance should limit the impact of the Bill on equalization payments, maybe until 1990, in order to give the House enough time to study the situation further.

I also mentioned earlier the technical changes which are to be implemented over a two year period. Madam Speaker, I can inform right away the Minister of State for Finance that we intend to propose, during the clause by clause study of the Bill, an amendment which would ensure that the commitment the Minister of Finance made on national television on December 17, 1986, and also to the *Globe and Mail* on November 1st, 1986, is indeed fulfilled. The Minister committed himself in front of Canadians and this should be reflected in the Bill. We will move an amendment to clause 3 to have the \$175 million paid immediately, instead of being spread over two years, especially given the fact that, due to the way it used the 1986 census, the federal Government will have a net gain. It would be appropriate that it be passed on to the provinces.

Madam Speaker, this Bill will—it is obviously our role to point out its shortcomings, and I must say that my party, when in government, encouraged this approach in Canada. Studies made by the Canada Economic Council showed that those payments served a useful purpose in the Canadian economy. Therefore, we are not only very favourable but we will fight hard against any attempt by the Conservatives to eliminate equalization payments. However, even though we are committed to and agree on this formula, we do not agree with the Bill as introduced because it does not meet the commitments made by the Minister in November and December 1986 as regards additional payments of \$175 millions; because in this legislation, all readjustments that are the result of the new census will only benefit the Government of Canada; because under the proposed payment formula, they give with one hand and take back with the other. Therefore, the Official Opposition, as it disagrees with those aspects of the legislation, will vote