

renewing and updating other programs and provisions authorized by the Federal-Provincial Fiscal Arrangements Act.

I want to thank Hon. Members for the constructive and co-operative approach shown in the course of the debate. I should also like to extend my appreciation to colleagues on both sides of the House and those who served on the legislative committee on Bill C-44. I am particularly grateful to the Hon. Member for Victoria (Mr. McKinnon) for so ably chairing the committee.

**Miss Aileen Nicholson (Trinity):** Mr. Speaker, Bill C-44, an Act to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977, has four aims.

Its first purpose is to renew for a five-year period the current fiscal arrangements for the equalization program. The amendment which we moved and that has just been defeated would have renewed it for only a three-year period in view of the Government's proposed taxation reforms.

The second purpose of the Bill is to forgive a total of approximately \$270 million in federal overpayments over the past two years to the four Atlantic provinces, to Quebec, and to Saskatchewan. The overpayment appeared when the preliminary 1986 census data were released. Since the equalization payment formula is in fact based on population data, adjustments had to be made when the final census results came in.

The third purpose of the Bill is to change the revenues included in the equalization calculation. These changes will be phased in over the next two years. The most significant technical change concerns property taxes. As my colleagues from Quebec have pointed out in the House, there is dissatisfaction with the proposal.

The fourth goal is to end the three-year revenue guarantee which the previous Liberal Government introduced following the 1982 changes to equalization. This revenue guarantee set a floor for payment to the provinces during the first three years following equalization reform, that is, from 1982-83 to 1984-85. However, the Conservative Government has not seen fit to renew this guarantee.

The history of equalization indicates that it has been very important to successive Liberal Governments. It has also been very much a part of our view of nationhood and what holds the country together. In the middle of the 1950s, following a recommendation made by the Rowell-Sirois Royal Commission of Inquiry, the Liberal Government of the day introduced a series of measures in an attempt to improve the balance between Canada's various regions, the principle of equalization. Equalization means enabling each province to offer the people of that province the same number and quality of services. The aim was to give Canadian citizens the same opportunities whether they live in Newfoundland, British Columbia, Manitoba, Alberta, or Quebec. It is a very important part of the Liberal philosophy that Canadians all across

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the country should have the same equality of opportunity and access to comparable services, whether they live in a rich province or a poorer province.

I might add that after equalization had been in place for a number of years, a study done by the Economic Council of Canada confirmed that equalization payments should not be regarded as a disguised form of welfare, but that the economic value of equalization payments was important for all regions of the country—for the Canadian economy in general, not only for the less prosperous regions.

The legislation which became effective in April 1957, and has been maintained all these years, established a formula. It took the per capita income received by the provinces from various fiscal sources and set a national average, the national average being based upon the income of the richest province or group of provinces.

Some changes have been made to the formula over the years because of developments in the economy and because of variations in the prices of certain raw materials, so there are always some changes involved—either additional payments or a reduction of certain payments. However, the basic principle of the legislation reflects a perception of the country and a commitment to equality of opportunity for all citizens wherever they live. It also reflects a view of the role of the central Government in order to maintain a political unit, regional balance, and a commitment to use national policies to build nationhood.

May I continue after two o'clock, Mr. Speaker?

**The Acting Speaker (Mr. Paproski):** You may. It being one o'clock, I do now leave the chair until two o'clock this day.

At 1 p.m. the House took recess.

### **AFTER RECESS**

The House resumed at 2 p.m.

**The Acting Speaker (Mr. Paproski):** When the House rose at 1 p.m., the Hon. Member for Trinity (Miss Nicholson) had the floor.

**Miss Aileen Nicholson (Trinity):** Mr. Speaker, when the House rose I was speaking about the importance that my Party attaches to equalization payments as a method of building this nation, as a method of providing equality of opportunity for Canadians no matter where they live.

A particularly important part of these equalization payments is their contribution to post-secondary education, or what is called the Established Programs Financing. If we are to have true equality of opportunity, obviously bright young people must have access to higher education whether or not their parents are rich. There are few things about which we in this Party feel more strongly than the principle of equal access to higher education for Canadians whether they have rich