

Federal-Provincial Fiscal Arrangements

equitable, it should support this motion and have an equalization Bill to cover the period from 1990 to 1992. Excuse me, Mr. Speaker, I meant from 1987 to 1990, instead of up to 1992 as proposed in the Bill before the House today.

Mr. Speaker, there is another point I would like to make. We must not forget that the Conservative Government has already considerably reduced funding for economic and regional development. As far as regional economic development goes, the Government's record is not very encouraging. We know that the envelope for regional economic development went from \$14.9 billion in 1984-85 to \$12 billion in 1987-88. That is a drop of \$2.9 billion in three years, so that in real terms, this envelope has lost nearly 30 per cent of its value.

In addition, Mr. Speaker, the unemployment rate is still higher today in six provinces than it was in 1982. Why then does the Government keep on increasing taxes and reducing transfers to the provinces? It wants to sign an agreement for a longer period while speaking about a tax reform which we know will affect the provinces.

Mr. Speaker, I would like to read to this House a statement made by Quebec's Minister of Finance, Honourable Gérard D. Lévesque, in a letter that he sent to his federal counterpart on February 4, 1987. I quote:

Thus, despite Quebec's opposition, you are proposing to change the real estate tax base using the data provided by the real estate company Royal LePage. On the other hand, you refuse to take into account the interprovincial differentials in value of residential land reflected in those data, which would largely meet the objections we have put forward. You will understand that I was surprised to hear that those changes had been considered under a federal-provincial joint proposal.

I have serious questions about the usefulness of the consultation process that took place and that led to the present situation.

Mr. Speaker, who has forgotten the commitments made in the fall of 1984?

Consultation. That was the buzzword of all Conservative candidates. They were speaking about a new relationship with the provinces. And here is a Quebec Minister of Finance who seriously questions this consultation process followed by the Conservative Government.

Mr. Speaker, the amendment put forward by my colleague from Laval-des-Rapides (Mr. Garneau) is clear. Its purpose is to have the agreement terminated in 1990 in order to allow for the promised tax reform. If this amendment is negated this afternoon, it means that our famous tax reform will not take place and I wonder what small business will think about this action. You will recall that not so long ago, the Canadian Federation of Independent Business published a survey of its members. Their two major concerns were the tax burden and Government red tape. Therefore, Mr. Speaker, those two major problems can be solved through a fair tax reform and we hope that Conservative Members will support this amendment. If they do, we shall continue to believe that tax reform will take place in the near future.

• (1620)

[English]

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I had not intended to speak on this motion until I was provoked to do so by the nonsense the Hon. Member for Churchill (Mr. Murphy) was spouting out. First, the Hon. Member wants to know why the Bill was not brought in earlier. It is obvious that because the census data is not available until the end of January or until the beginning of February, when that data becomes available it has to be processed and all kinds of calculations have to be made before it is possible to make the necessary estimates that are dealt with in this Bill. That is simply why it is not possible to bring in the Bill before the census data is available.

The Bill was brought in on March 11. As far as the Government is concerned, it has been dealt with expeditiously. If it were not for the kind of nonsense we went through yesterday with the Liberals and their colleagues, the New Democrats, deliberately delaying the work of this House, this Bill would already have been dealt with and by now it would have received Royal Assent.

The New Democrats in their presentation should have taken into account that there is no change to the formula proposed in this Bill. It does two things. We are continuing with the same existing equalization formula for another five years. There is no change at all to the formula, just a change to the input data as a result of the last census.

We are also being extremely generous with the provinces in this Bill in forgiving about \$175 million that has been paid to them in excess of the amounts the provinces are supposed to have had over the last couple of years. When it comes to generosity on the part of the federal Government toward the provinces that do not have the capability of raising all their own provincial revenues, this amounts, in the case of Newfoundland, to about \$1,800 per capita per annum. I challenge any member of the New Democratic Party or any other Party in this House to say that that is not fair and generous treatment when you compare that with the \$700 per capita in Ontario.

We are getting led astray by the Opposition on the question of tax reform, Mr. Speaker. If we look at the proposals that have been brought forward in this House by the Minister of Finance (Mr. Wilson), what possible effect, other than an almost negligible one, could they have on the ability of provinces to raise moneys through the ways which provinces customarily do? What effect will tax reform have on a province concerning resource royalties, for example? None, Mr. Speaker. What effect will tax reform have on the provincial sales tax? None. We are getting carried away when we think there will be major changes to the equalization formula as a result of any tax reform on the federal level.

Therefore, there is no need for this amendment that we have before us to reduce the time period of renewal from five years to three years. Five years is a reasonable time for the extension