fied with this extension and the proposals for improvement.

The amount of time required to carry out these consultations also explains why this bill was not introduced in the House earlier. I think that hon. members will agree that it was important to start by defining the extension of equalization well. Now it is important to implement it.

In theory, our legislative deadline really was March 31, when the existing five-year equalization program ended. In practice, however, there is still some time left before cheques stop being made out. As hon. members are no doubt aware, this bill must receive Royal Assent by April 16. That, Mr. Speaker, is the deadline in practice. We have no intention of waiting until the last minute, and I doubt that it is the intention of any member here.

Besides these important provisions relating to equalization, this bill proposes to confirm that the federal government has the power to enter into agreements with the provinces with a view to simplifying their mutual fiscal administration system. That is to say that this bill will foster co-operation between federal and provincial levels of government in collecting taxes for each other and simplify the payment of taxes for individual taxpayers as well as for public authorities.

There are two parts to this bill: the extension of equalization and improvements to fiscal administration.

• (1150)

Hon. members know that the commitment to equalization payments enshrined in section 36(2) of the Constitution is to enable provincial governments to provide public services of comparable quality at a similar level of taxation. Since equalization payments are made only to the less fortunate provinces, they are the most progressive of the major transfer payments to the provinces. In 1992-93, the government will give about $8.5 billion in equalization payments to the "have not" provinces.

In renewing the equalization program, this bill makes a series of fair and generous improvements, especially if you consider the federal government's budget situation. These improvements will give the provinces over $400 million more in 1992-93, including a permanent annual payment of $200 million and a one-time payment of $200 million. The size of these improvements in this difficult period highlights the government's commitment to the principle of sharing in our country.

The renewal program will be financed within the present budget framework. The budget priorities will be reordered. The government maintains its commitment to reducing the debt and the deficit. All the provinces that receive equalization will benefit from the renewal measures in two ways: the improvements will increase payments under the program and provide an additional one-time payment, and no growth limit will be set on equalization for 1992-93.

The bill makes four parts of the renewal program possible. First, the equalization program will be extended for two years. Second, improvements will be made to the measurement of tax potential. Third, a technical irritant related to the effect of equalization on another federal transfer program, Established Programs Financing, commonly called EPF, will be eliminated.

The effect of this irritant was to reduce EPF cash payments to the disadvantaged provinces. All the affected provinces will be compensated retroactively for the revenue that they had to forgo and this bill will prevent a similar situation from recurring.

The bill extends the equalization program for two rather than five years. The government will continue its extensive consultations with the provinces during this period. The two-year extension will give impetus and flexibility for further changes as part of the ongoing review of the three main programs for transfers to the provinces. Besides equalization, they are the Established Programs Financing and the Canada Assistance Plan.

I said earlier that this bill deals with equalization and does not directly concern the other major transfer programs that I just mentioned. Nevertheless, the other transfers have often been discussed in connection with this bill. Perhaps the title of the bill could be misleading. Despite its title, the bill has only a marginal and positive effect on federal contributions for post-secondary education and health.

The marginal effect on health and education arises because the bill takes into account the provinces' concerns about the interaction of the transfer program for