especially when one considers the present federal government's fiscal position. These improvements are worth over $400 million for this coming fiscal year as additional dollars to the provinces for 1992-93. Of this, roughly $200 million will be ongoing and $200 million will be a one-time additional benefit.

The size of the package of improvements in this difficult fiscal period underscores this government's commitment to the principle of sharing within the country. Funding for the renewal package will be found within the existing fiscal framework. Budget priorities will be reallocated.

With this increase the government remains firmly committed to reducing the annual deficit, working toward the day when we will begin to reduce the debt, and living within its self-imposed ceiling of 3 per cent on increased program spending.

Third, I would like to make some remarks on the renewal package proposed in this bill. All the provinces receiving equalization will gain from the federal package in two ways: improvements will increase program payout and provide an additional one-time benefit, and the limit on the growth of equalization will not apply to the 1992 fiscal year.

There are four components of the renewal package made possible in this bill: first, the equalization program is renewed for two years; second, improvements will be made in the measurement of fiscal capacity; third, the equalization ceiling will be newly based or restructured in this bill, as the bill proposes; and, finally, a technical irritant related to the interaction of equalization and another federal transfer program, the Established Programs Financing, will be eliminated. The effect of this irritant has been to reduce the have-not provinces' share of cash payments under the Established Programs Financing. All the affected provinces will be compensated retroactively for the revenues they have foregone and this bill will ensure that the situation does not recur in the future.

This bill renews the equalization program for a period of two years. Further, the government will continue its extensive consultation with the provinces during this period. The two-year extension period will provide impetus and flexibility for further changes in the context of ongoing review of all major transfers to provinces. These transfers are under the three headings of equalization, Established Program Financing and the Canada Assistance Program.

• (1330)

I would like to make a few comments regarding the tax measures. The bill also contains measures that will facilitate the administration and the enforcement of federal taxes by provinces and vice versa.

Examples of the kind of arrangements that these measures are aimed at facilitating are the administration of the goods and services tax, the GST in the province of Quebec by the Quebec government and the collection of the Quebec sales tax at the U.S. border by federal customs agents.

In addition, administration agreements between the federal government and a province could be used to simplify remittance and banking arrangements. For example, in cases in which a province administers federal tax, a taxpayer will be able to make out a single cheque to the province covering both federal and provincial taxes. The agreements can cover income taxes or sales taxes.

These kinds of arrangements ensure better and more efficient administration of taxes and thereby contribute to a better and simpler tax system.

Before concluding my remarks on this bill, I would like to look at some of the figures and the hard evidence of what is really occurring within the major transfers from Ottawa to the provinces. It is important to know exactly what has been occurring.

I would like to look at the size and growth of the major transfers, that is, all of the transfers put together into a total package: equalization, Canada Assistance Plan, the EPF and some other transfers.

In 1984-85, these transfers represented $25.6 billion. For the coming fiscal year, 1992-93, it will be $38.9 billion. We have gone from $25.6 billion to $38.9 billion during those years. We often hear people saying that we are reducing the transfers or we are cutting the transfers. Every year, the transfers go up. They are not going down, and that is the first point.

From last year to this year, from 1991-92 to 1992-93, they will be going up from $37 billion to $38.9 billion or an increase of 5.1 per cent. That is 2 per cent higher than the self-imposed spending freeze which the federal government has placed upon itself over each of the next five years.

While we are trying to solve the problem of our annual deficit and while we are trying to get to the point of breaking even and starting to pay off on the national debt, these programs and major transfers are increasing at a rate greater, 5.1 per cent, than the ceiling imposed on all program spending. That 5.1 will take place within that ceiling, so it is important to remember that this