

The Budget—Mr. Bussières

after being eked out by the equalization payments. The proposals introduced by the Minister of Finance are aimed in the first place at extending provincial taxing power so that it will more adequately reflect their general potential combining wages, natural resources, real estate and other taxable items.

The second aspect deals with the equalization standard. The material dealing with tax arrangements suggests that the standard be set on the basis of tax yields in Ontario rather than on the basis of the average tax yields in all provinces as is the case at present. We know for instance that if we were to extend the taxation capacity without changing the equalization standard, transfer payments would increase to about \$10.2 billion in 1982-83, of which \$2.6 million would go to Ontario. Obviously, since we must restrain expenditures, the federal government cannot afford to implement such a program and especially to spend that kind of money. This is why we propose to substitute a new Ontario based standard.

Another aspect of fiscal arrangements is the financing of established programs. What is meant by established programs? These are in the areas of health care, hospitalization and financial assistance for post-secondary education. The budget does not propose any financial change in this specific regard. The purpose of such proposals to amend this program is to set a maximum amount per capita to bring about more equity in the financing of the established programs. It has been indicated that the government wanted to reduce its expenditures in the area of transfer payments to the provinces. This cutback will apply to a program which dates back to the tax reform of the seventies.

Following that reform of the Canadian taxation system, and as a result of the changes which were made in the tax system of the seventies and which reduced the amounts of money going to the provinces, what is known as the income guarantee was adopted. This was expressed either in tax points credited to the provinces, or cash payments to the provinces. We are now suggesting to the provinces that the income guarantee be removed from the over-all transfer payments made to them. That proposal follows the changes we have now made in the tax system, changes which I indicated a while ago in dealing with equity, which are known, by the way, either as tax preferences or tax privileges. The removal of these privileges, as we know, Mr. Speaker, will have a direct impact on the income of the residents of the provinces for whom the central government collects taxes, so that those provinces will see their revenue increase automatically as a result of the increases or changes in the new tax tables. Because we are increasing provincial revenues through changes in the taxation system, we are proposing to the provinces the removal of the income guarantee which had resulted from the changes made in the tax system, of the seventies.

Naturally, there is one special case and that is Quebec. This case is special in that, many years ago, its government chose to collect its own taxes and have its own tax system. We are now

suggesting to Quebec that a change be made in its tax schedules by doing away with the tax privileges we have removed. Hon. members will remember that, last week, the minister of finance for the province of Quebec published a study in which he said that the federal tax system provided for fiscal preferences and privileges which he condemned. The privileges which the Quebec minister of finance denounced we have now changed, so if he, who is sovereign in the field of tax collection—which is not the case for the ministers of finance of the other provinces since the federal government does the job for them—exercises his sovereignty in that field, the Quebec minister of finance can then increase his own revenue to more than make up for the amount of the guaranteed income provided for by the federal system.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the minister, but the time allotted to him has expired.

[English]

Mr. Dan Heap (Spadina): Mr. Speaker, I have been looking forward to addressing you and my colleagues. Just three months ago yesterday, the Spadina voters sent me to this House rather than sending the man the Prime Minister (Mr. Trudeau) had chosen. The voters in Spadina indicated they had no confidence in his government, nor do they believe this government is willing to let the people of Spadina or the people in Canada earn an honest day's pay for an honest day's work, which is what people like to do.

Just this weekend people on the street in Spadina told me what they thought of this budget. They told me the budget was superficial, that it was mere tokenism and they believe the rich will go on finding loopholes no matter what. They mainly said there simply was no change and they wanted a change. In fact, they clearly sensed that this budget continues the policy of selling Canada; that is to say, selling the country they have built and putting it into the hands of people who do not care about the people who built it.

● (1700)

These are ordinary people. We have a great variety of ordinary people, working men and working women in Spadina. These are people who are trying to put a roof over the heads of their families, put a table under it and put food on that table. Having learned about it, they are finding this budget very discouraging.

In the land around Spadina we first of all had immigrants from the British Isles who were granted estates so they could control the lower orders as tenants. That did not work out so they turned into land developers during the housing booms in Toronto. They left us a few stately mansions on Beverley Street, Madison Street and places like that. They left us some very good narrow streets in the residential areas which keep the commercial traffic out. Then they went on to greener pastures, moved away elsewhere, but they still like to collect their revenues through the banks and other institutions which have the ear of the Minister of Finance (Mr. MacEachen), as shown by his budget.