

Federal-Provincial Fiscal Arrangements

The Established Program Financing was not supposed to result in a cut from what was promised for the fiscal year 1986-87, according to the budget figures we were given by the Minister of Finance in November of 1985. All of a sudden the provincial Ministers of Finance find that, yes, the formula is changing and it will be one year earlier, which means there will be \$400 million less going to the provinces through EPF than would have been the case had the other legislation been allowed to continue to the end of March 1987. So there is a series of problems which must be taken into consideration.

● (1610)

I think that the amendment before us will help in some ways. It is an amendment which I certainly intend to support. First, it helps because if it is accepted by the Government we would not be stuck with this legislation for the next five or six years, but for a much shorter period of time. This is important because the Government has said, as has the Minister of Finance in his last Budget and the Minister of State for Finance in answer to a question this afternoon, that tax reform is a priority of the Government and that they will do something to make the system more fair, more simple, and a number of other things. Indeed, if that is true then the financial picture of the federal Government will change, as will the financial situation of the provinces.

I think it is important that we look at equalization again as a result of those changes in tax legislation. Three years is certainly more than enough time for the federal Government to come down with its proposals for tax reform. It is more than enough time for the people of Canada to react to the changes. It is more than enough time to ensure that we have legislation in place and that we have some expectation provided by the federal Department of Finance along with its provincial counterparts with respect to what we can expect.

I am afraid that if we pass this legislation in its present form we will end up in a situation in which tax reform will come in some way or other and this legislation will be kept in place. It will limit the amount of money that the federal Government has to give to the have-not parts of the country. I find that objectionable. It makes me question the sincerity and good faith of the federal Government with regard to tax reform when it insists on making this legislation stay in play for over five years.

I realize that my time is running out, Mr. Speaker. I would like to remind you, although I am sure I do not have to, of the procedure in the House that we must always speak to the Speaker, even though he is such a wise man who probably knows everything we will say anyway. However, for the benefit of some members on the government benches it is necessary to say these things, and I have to address them to you, Mr. Speaker, so that they can hear me.

I think it is important to remind the House that the Premiers of the Provinces of Newfoundland and Quebec and the Premier and Minister of Finance of Manitoba have all

expressed concern that we are not doing enough in terms of equalization.

Last March when we last spoke to this measure I pointed out that even the Canadian Medical Association pointed out that as a result of the way legislation is going in this country we are creating more and more of a two-class system in terms of medicare and hospitalization. The legislation which is before us at the present time takes us further down that road. It makes it more and more difficult for the poorer provinces to provide the same level of services as they are now providing, let alone a level of services that Canadians in other parts of the country receive.

For that reason alone I believe this amendment should pass. It will give us time to ensure that there can be better legislation in the future, legislation which will actually reflect the tax reform which has been promised in this House.

[Translation]

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, I would also like to express my support for this amending motion which would oblige governments to renegotiate the equalization agreement in 1990 instead of 1992 as proposed in the Bill. This, Mr. Speaker, to allow for the impact the tax reform will have on payments to the provinces.

Mr. Speaker, for two years the Conservative Government has been promising tax reform. We know perfectly well that this reform will have a substantial impact on the revenues of the provinces, and since the equalization system works on the basis of those revenues, the agreement should cover a shorter period, so that when we get tax reform, we can then adjust the equalization agreement and fiscal arrangements with the provinces accordingly.

Mr. Speaker, I fail to see why government Members, why the Conservative Members of this House should have any objection to voting in favour of the amendment moved by my colleague, the Hon. Member for Laval-des-Rapides (Mr. Garneau). In fact, their support should be unanimous, so that once the Bill is passed, we can proceed, we hope in a few weeks, with the White Paper promised by the Minister of Finance (Mr. Wilson) in his February, 1986, Budget.

Mr. Speaker, if the motion is defeated this afternoon, it will be clear the Government does not intend to introduce its proposal for tax reform in May, as announced, or if it does, that it does not intend to implement the reform as soon as possible.

Mr. Speaker, that would be only one of many promises this Government has failed to keep. Promises for tax reform, promises for social justice, and instead we got the highest tax increase since World War II.

Mr. Speaker, although the Government's last Budget hardly deserves the name, the Government nevertheless managed to include five tax increases.

If Conservative Members are sincere, if the Government really wants to introduce tax reform proposals that are fair and