

## Facts

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Equalization payments were first introduced in 1957. The 1982 Constitution Act includes a vaguely worded commitment to “the principle” of equalization, the goal being to ensure that provinces “have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.”

In 2019-20, the equalization program will transfer nearly \$20 billion. Quebec will receive \$13 billion, Manitoba \$2.3 billion, New Brunswick and Nova Scotia \$2 billion each, and Prince Edward Island \$419 million. The governments of British Columbia, Alberta, Saskatchewan, Newfoundland and Labrador, and Ontario will not receive any payments. Under the current formula, the total amount of equalization payments increases steadily, in accordance with nominal GDP, even when there is a reduction in wealth disparities among the provinces.

## Our Plan

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Provinces should not be receiving equalization payments for decades, just like individuals should not be receiving welfare cheques all their lives. It's time to stop rewarding provincial governments for not adopting better economic policies. The Constitution does not commit the federal government to spend \$20 billion a year on equalization; does not prescribe any specific formula; and does not define what “reasonably comparable” means.

### A People's Party government will:

- Reduce the total amount of equalization payments to provinces, and make sure that only the provinces with the greatest needs benefit from it.
- Establish a parliamentary committee to review and make recommendations on a new formula that will avoid the welfare trap and provide poorer provinces with the right incentives to adopt pro-growth economic policies and reduce their dependence on federal money.
- Ensure that the new formula **respects** our Constitution, makes provincial governments more **responsible** for their policy decisions, and is **fair** for citizens of all provinces.