commitment made during the months leading up to the last general election—made to be broken. A motto for the government might be: Our promises are made to be broken. The entire program is being eliminated as of budget day, ten months early. The elimination of this program will have a very detrimental effect on primary exploration, particularly for junior exploration firms. The government anticipates savings of $50 million this fiscal year, and $125 million next year.

The third expenditure restraint measure is the freezing of transfers made under the Public Utilities Income Tax Transfer Act. This measure, introduced in 1986, was designed to transfer to provinces 95 per cent of the federal income tax collected from certain privately-owned electric and gas utilities. It was designed to put them on an equal footing with crown corporations in the resource sector who do not pay income tax. Savings of $50 million are expected over the next two years.

These three measures are important in their own right, particularly the changes in the Established Programs Financing. I am particularly concerned with the changes made to the Canada Assistance Plan that are proposed in this bill, since they have the potential to be the most damaging to those in greatest need.

The Canada Assistance Plan, created in 1966, provides the framework necessary for the federal government and individual provincial governments to enter into agreements to share equally in the costs of welfare payments and basic necessities such as food, shelter, and clothing. These agreements would also cover funding for foster homes for abused children, shelters for abused women, dental care for the poor, and child care for low income families.

Bill C-69 will limit the growth in CAP funding to 5 per cent annually for the provinces of Ontario, British Columbia, and Alberta. In its 24-year history no government has attempted to place a limit on CAP transfers—no government, that is, apart from the present Conservative government.

The government claims that the three fiscally strongest provinces should be able to bear this expenditure restraint measure. However, it is not the provinces who will be forced to bear the extra cost, it is the poor of those provinces.

In 1989 the government defended its clawback proposal by saying that the social safety net should assist those most in need and not subsidize high-income individuals. Reduction in CAP transfers will hurt precisely those individuals whom the government claims should be assisted by the social safety net. The poor of Ontario, British Columbia, and Alberta are just as poor as those in other provinces. The poor of Toronto or Vancouver need assistance just as much as do the poor of Montreal and Halifax. A poor family in Edmonton finds little comfort in the knowledge that their neighbours may be rich.

This budget restraint measure will save the government $155 million over the next two years, a much smaller amount than the $1.5 billion that will be saved over the same period through changes to EPF. With the provinces scrambling to make up this large shortfall in funding for health care and education, there will be fewer resources available to address the basic needs of the poor.

I should like to say a word about day care. When the government introduced its day care bill, Bill C-144, the day care community opposed it for a number of reasons. One of the reasons was that there was more potential for growth under the CAP because it was an open-ended system. In fact, some saw Bill C-144 as little more than an attempt by the government to limit its potential liability under CAP. Accordingly, what the government failed to do through Bill C-144 it is now doing by means of limitation on CAP funding in Bill C-69.

When any one of the targeted provinces experiences a 5 per cent increase in expenditures on eligible programs, the cost of any further increase will be borne entirely by the province. Each new eligible day-care space will have to be funded 100 per cent by the province, instead of on a 50-50 basis with the federal government. Clearly, this will have the effect of stunting the growth of affordable day care in Canada.

The government claims it is committed to child care. As so often happens, that commitment, that promise, that guarantee is followed by an action that has the opposite effect.

In March of this year the Province of British Columbia initiated a reference to the British Columbia Court of Appeal to determine whether the federal government has the legal authority to unilaterally limit its contributions under the Canada Assistance Plan. The Provinces of Alberta, Ontario, and Manitoba intervened in the reference to support British Columbia's position.

The Canada Assistance Plan Act provides that any agreement between the federal government and a province can be amended only by mutual consent. It can be terminated by either party unilaterally, but only after one year's notice is given.

The Government of British Columbia alleged that there was no mutual consent and that no notice was given. Consequently, and I quote from its factum:

> Canada is proposing to act illegally by failing to pay its 50 percent contribution . . . in clear breach of its statutory and contractual obligation to British Columbia.

Last Friday the Court of Appeal for British Columbia gave its judgment. It agreed with British Columbia, and found against the position taken by the federal government and the Attorney General of Canada. I do not want to read the whole judgment, but I should like to give honourable senators some key excerpts, especially from the judgment of Mr. Justice Toy. The decision has not yet been reported. Therefore, I am quoting from the reasons that were issued by the court on Friday last.

The Government of British Columbia alleged that the courts should protect the legitimate expectation of the provinces as a result of the agreement and as a matter of public law. At page 21 it says:

> Viewed in that way British Columbia is asserting a procedural impropriety by the Government of Canada in