and as fairly as possible. That announcement was made over 20 months ago.

Bill C-96 moderates the growth of the Established Programs Financing transfers as part of the general effort to restore stability to federal finances. Transfer payments, as many Members have said, are not being cut. They are still growing at a faster rate than other government program expenditures at about 5 per cent a year, as opposed to 2.9 per cent for discretionary spending. Even with the reduced rate of growth, EPF transfers will rise faster than inflation and faster than other government program expenditures. Transfer payments this year are expected to total $27 billion, $20 billion in cash transfers and $7 billion in tax points. EPF is the largest component of transfer payments. This year EPF is a $15.3 billion program contributing to the cost of health care and post-secondary education. That is approximately $508 per capita plus $42 per capita to finance extended health care services such as nursing homes. In the next five year period, EPF transfers will total $90 billion. That compares to the previous five years when total expenditures were $65 billion. It is an increase of $25 billion. To put it in another perspective, it is an increase of almost 40 per cent over the period we are discussing. As a result of slowing the rate of growth of transfer payments by 2 percentage points, some $2 billion will be saved in the 1990-1991 fiscal year.

Members will recall that there was an extensive consultation process on this important topic. The provincial Premiers met with our Prime Minister (Mr. Mulroney) in Halifax. The final decision made by the Government was for a 5 per cent increase. That, as I have pointed out, is something in the order of 66 per cent over a 3 per cent level. It is a very general rate and is indicative of the Government's care and sensitivity to these two important topics of health care and post secondary education.

This change is part of the fiscal strategy to change transfer payments to reduce the deficit by some $20 billion in 1990-1991, and to cut $75 billion from the projected level of the national debt by the end of the decade.

Let us keep in mind that federal assistance for health care and post-secondary education has increased from $1.1 billion in 1967-68 to some $15.8 billion in the 1985-86 period, an average compound increase over that period of about 16 per cent. Growth of EPF cash and tax transfers will continue to be linked to the growth of the Canadian economy. The need for a firm and stable financial foundation to be maintained in order to ensure the high quality of health care and post-secondary institutions must be stressed. That is very central to the thinking of the Government. I will continue because we cannot pull out only one project and talk exclusively of it without knowing the background and without being honest about the realities of the fiscal situation in the country.

• (1650)

At the time of the November 8 statement by the Minister of Finance (Mr. Wilson), the national debt was rising much faster than the economy was growing. The net public debt increased from 16.6 per cent of GNP in 1974-75 to some 45 per cent in 1984-85. As was stated, a status quo policy would result in net public debt rising to 63 per cent of GNP by 1990-91 and debt charges would rise to account for three-quarters of the deficit. Mounting debt burden and service pose a serious threat to the long-run growth of the economy. Those are some highlights from the statement the Minister made only weeks after we became the Government.

In the May 1985 Budget the federal Government proposed limiting the growth of transfer payments to provinces to effect savings of $2 billion by 1990-91. By 1990-91, cash transfers in respect to equalization in health care and post-secondary education are expected to represent about the same share of total federal program expenditures as they do today, which is 18 to 19 per cent. The May 1985 Budget was to reduce this year's deficit by $4.4 billion. It took 100 years to accumulate a debt of $18 billion, but it took the previous Government only approximately 15 years to create a staggering, awesome debt in the country of approximately $200 billion.

I would like to mention some highlights of the February 1986, Budget. Spending on non-statutory programs was predicted to decline by $500 million. That was the first decline in 20 years in that sector of our spending. Over the next five years, non-statutory programs are expected to grow by 2.7 per cent a year. The February 1986 Budget would reduce the deficit to under $30 billion and by the end of the decade it is expected to be cut by $22 billion. By that time our national debt will no longer be growing faster than the economy. By 1990, the deficit will be $26 billion less than it would have been had the Government not taken this responsible action and reversed the wild and irresponsible spending of the previous Government. By 1990, the cumulative effect of the deficit reduction measures will be to cut the projected growth of the national debt by approximately $97.5 billion.

I would like to touch on another initiative which the Government has taken to stop the leaks and the irresponsible spending of taxpayers' dollars. I would like to talk about the scientific research tax credits. There was an article in *The Globe and Mail* yesterday about Bell Canada which took advantage of an $85 million tax credit on some partnership units in a papermill in a same-day tax flip. The treasurer of that organization readily admitted that they had no plans to keep that investment. They had it for only hours but enjoyed a $85 million tax break. As announced in the last Budget, the Minister of Finance has shut that program down.

When scientific research tax credits were announced by the previous Government, a budget of approximately $200 million was allocated to it. Since the controls which should have been on that program were poorly thought out, it will end up costing Canadian taxpayers well over $2 billion, 10 times its original budget. We will also be eliminating tax shelters in recreational vehicles and yachts. We halted income splitting through interest-free loans between family members. We stopped the so-called "carve out transactions" in the oil and gas sectors.