

*Federal-Provincial Fiscal Arrangements***GOVERNMENT ORDERS***[English]***FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS
AND FEDERAL POST-SECONDARY EDUCATION AND
HEALTH CONTRIBUTIONS ACT, 1977****MEASURE TO AMEND**

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre) that Bill C-44, an Act to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977, be read the second time and referred to a legislative committee.

Mr. George Minaker (Winnipeg—St. James): Madam Speaker, before we broke for dinner today, I was indicating why I supported Bill C-44, the equalization payment Bill. I would like to recap my remarks and, in the 10 minutes I have left, highlight some of the reasons for my support of Bill C-44.

First, equalization payments for this year and next are increasing. Members of the Opposition have tried to imply that the equalization payments will not increase and I would like to put on record that in 1987-88, equalization payments for the provinces that receive them will be increasing from \$5.3 billion to \$5.6 billion and in 1988-89 they will increase to \$5.9 billion. That is an increase of well over 5 per cent per year and it is in addition to the forgiveness of the over-payment which will amount to somewhere in the neighbourhood of \$270 million.

The Hon. Member for Laval-des-Rapides (Mr. Garneau) indicated earlier in his debate that the net forgiveness clause in the Bill would interfere with and cancel out the technical increases, but that is not correct. I do not know if the Hon. Member misunderstood the Bill or if he was trying to mislead the House, but there is no way to connect the net forgiveness in the over-payment with the technical changes. The technical changes are for future years while the forgiveness in the over-payment is for the past two years.

The Hon. Member for Churchill (Mr. Murphy) as well as the Hon. Member for Laval-des-Rapides implied that the Minister of Finance (Mr. Wilson) had indicated that the technical changes would be handled in one year. I would like to remind Hon. Members that the Minister of Finance indicated very clearly on December 17 in the House of Commons, in response to a question put by the Hon. Member for Oshawa (Mr. Broadbent), the following:

Mr. Speaker, this proposal was made by officials of the provincial and federal Governments. The offer did not come from the federal Government. I told the provinces yesterday and last Friday that the federal Government could not possibly accept the one-year proposal. We were agreeable to an increase over two years, and that is what our Government has decided. This is in addition to the increase from 4 to 6 per cent in the annual increment for the equalization program.

The Hon. Member for Laval-des-Rapides indicated, I believe, that there would be a \$400 million loss in the major transfer payments. Again, that is incorrect. I would like to make it very clear to the House and to Canadians that the major federal transfers which are made up of the equalization

payments, the EPF and the Canada Assistance payments totalled \$25.887 billion in 1986-87. The major federal transfers will be increased in the coming year to \$27.328 billion, for a total increase to all the provinces of \$1.44 billion. That is a lot of money. I like to say it is 27,328 millions of dollars in transfers to the provinces. In addition to that, another \$2.5 billion will go to the provinces. I believe it is very clear that the payments are increasing.

I would like to comment on what this means to the province in which I live, Manitoba. The 1987 Manitoba Budget in Brief, under the heading "A Good Place to Live and Work", says that Manitoba's economic performance has been above average for Canada and is expected to lead other provinces again in 1987. The total transfer payments to Manitoba will represent \$1.312 billion this year. Manitoba's Budget indicates that the budgetary expenditure for the Province of Manitoba this year will be \$4.188 billion. The budgetary revenue, the amount of money collected through taxes and from the transfers from the federal Government, will represent \$3.773, resulting in a net deficit budget requirement of \$415 million. The \$1.312 billion that the federal Government will be transferring to the province in the coming year compared to the \$3.773 billion that will be collected means that over 35 cents of every dollar raised in Manitoba will be coming from federal transfer payments. At that point, the provincial Government must take some responsibility. If it wishes to spend on programs, many of which I support, then I believe it is also its responsibility to raise the revenues and not just get the money from the federal Government. As I mentioned earlier, there is only one federal taxpayer, there is only one provincial taxpayer and there is only one municipal taxpayer.

I believe Governments should be responsible. The federal Government has been responsible in trying to control the deficit. As the Hon. Deputy Prime Minister (Mr. Mazankowski) just mentioned a few moments ago, the Bank of Canada interest rate has fallen to 7.14 per cent today. What does that mean to the provinces? Most of the provinces have accumulated debts on which they will be paying lower interest charges this year. Even the Hon. Member for Winnipeg North Centre (Mr. Keeper) recognized the other day that the lower interest rate will be beneficial to the provinces.

Why is the interest rate lower? It is because the people of the world know that Canada is trying to control its debt. As a result, they have confidence in our dollar. The interest rate has gone down because of the confidence in the dollar. Inflation is down. This will benefit all the different levels of Government. I say that the different levels of Government must take some responsibility and I call upon them to be fair about this.

The equalization payments to Manitoba this year will be \$441 million for 1986-87 and they will grow to \$469 million in 1987-88. That represents roughly \$435 per person and accounts for more than 10 per cent of the actual revenue collected in the province. That is unconditional money. There are no strings attached to it whatsoever. The province can do whatever it wants with that money.