

was a closed meeting, but this is what he said as part of his summary of the reaction of the provinces:

... all the provinces are of the view that the proposal ... is inadequate, but a number of provinces felt they were left with no alternative but to accept it.

Since the provinces realized that the final authority rested with the federal government, since existing arrangements were due to terminate on March 31 this year, and since they believed that if they did not accept this package of proposals worse still might be thrust down their throats, to put it bluntly they accepted, just before Christmas. As Premier Lougheed put it, "they were left with no alternative". This "no alternative" proposed by the federal government and rejected in detail by all the provinces has just been accepted in principle by the official opposition in the House of Commons, I might also note.

I want now to go to what I regard as the essence of the details put before us in this complex bill today. The fundamental changes that the government is making in our system of financial relations between the government and the provinces is to be found in the manner it proposes to finance continuing expenditures on hospital insurance, medicare and post-secondary education. The inevitable effect of these proposals is to downgrade the national government's role in ensuring minimum standards in health services and in post-secondary education. The inevitable result is to put the total risk of innovative programs in these fields on the provinces. And the inevitable result, I regret to say, is to make the richer provinces of Canada richer and the poorer provinces poorer.

At present, the federal government pays 50 per cent of costs of approved medicare and hospital insurance programs, and 50 per cent of operating costs of post-secondary education. Although this arrangement gave greater advantage to the wealthier provinces than is desirable, for the obvious reason that even if they only have to raise 50 per cent of the cost it is easier to do so for the wealthier provinces than it is for the poor—it was none the less a desirable approach to paying for needed social programs, for two important reasons. First, the federal government was helping the poorer provinces provide services on a continuing basis which they might not otherwise be able to afford. That surely is important. Second, the federal government's share on a 50-50 basis of the financial risks inherently involved in any new program made the burden of innovation in these important areas of Canadian life less risky to the provinces. Again, this is an important plus for the existing arrangements.

Having said this, Mr. Speaker, the existing financial arrangements have not been without their problems. The federal government was harsh and inflexible under the present Prime Minister in applying programs in these fields. For example, it applied the 50-50 formula in the hospital field only to expensive acute care hospitals but not to more effective health care delivery systems such as nursing homes and community health services. This is an important point in the fundamental inadequacy of the administration, not of the financing, of these existing programs.

Federal-Provincial Fiscal Arrangements

What should have been done to correct this was to make the financing more flexible. This could have led to the inclusion of nursing homes and related facilities, and ultimately to a lowering of health service costs. That would have been an imaginative and flexible approach under the existing arrangements. Instead, the federal government first placed an arbitrary ceiling on the amount it would contribute to these programs. This inevitably, as the government knew, increased the burden on the provinces, and proportionately put an even greater burden on the poorer provinces. Not content with that element of unfairness and inequity, the government produced the regressive proposals which resulted in the bill we are discussing this afternoon.

What has the federal government come up with as a solution to this very significant problem of existence in Canada—the very significant problem associated with paying for post-secondary education, medicare services, hospital insurance and provisions of all kinds? It has replaced the 50-50 cost-sharing formula with a proposal which removes entirely its 50 per cent of obligation with the transfer of 13½ tax points, plus some slight equalization compensation to be made to the provinces.

What this amounts to in substance is equalization in reverse. A tax point varies in value to the provinces from \$4 per head at one end to \$10 at the other end depending on the province. The "equalization"—and in this context I put that in question marks—formula proposed by the federal government is based on the national average instead of the richest province. These are combined, and the net effect is that the richer provinces of Ontario and British Columbia come out on top.

According to confidential internal Department of Finance tables, Canada's richest province, Ontario, will reap a bonanza of \$1.3 billion over the next ten year period as a result of this legislation. That is \$1.3 billion more than any other province and more than that province is getting currently under existing arrangements. That is the kind of proposal to which the official opposition gave its official endorsement in principle today. What a package of proposals. It is going to make the richest provinces of Canada richer and inevitably work against the majority of our low income provinces.

● (1520)

An hon. Member: Where were you when our leader spoke?

Mr. Broadbent: I was right here.

Mr. Woolliams: I wonder if the hon. member is going to tell the people in his constituency that he is in favour of the people of Ontario paying higher taxes.

Mr. Broadbent: Mr. Speaker, unlike the Conservatives, members of the NDP say the same things in all parts of the country.

We have, then, a government solution which not only imposes the continuing financial burden of medicare, hospital and post-secondary education services on the provinces but, as well—and this is of equal importance—favours the rich prov-