

Federal-Provincial Fiscal Arrangements Act

Now we come to the amendments. You can see, therefore, that the main provision of this Bill does not make any changes in the basic way in which the growth of EPF cash and tax transfers is now determined, Mr. Speaker. This will continue to be linked to the growth of the economy generally and to population increase in each province, as it is now. EPF transfers will also continue to be based on the fundamental principle that they represent an equal per capita contribution for every Canadian. The only difference is that from 1986-87, the per capita amount will grow by 0.02 per cent less. This means that each province can expect to receive approximately 105 per cent of the previous year's contribution under current economic projections. The figure is approximate because the precise year-to-year increases will continue, as now, to depend on the actual rate of growth of GNP and population.

A secondary, but nonetheless important, part of the Bill is a provision for possible special adjustment payments. Under current economic projections, the EPF transfer as a whole is expected to grow faster than the rate of growth of inflation. However, in the event it does not, the Minister of Finance will be able to make special payments. Any such payments will take the form of equal per capita payments in any given year to all provinces. With the special payment, the rate of growth of the total transfer to all provinces will be equal to the rate of inflation. Such payments would be limited, in the event of extreme inflation, by what the Government would have provided under EPF had the legislation not been changed. Everybody has that straight!

I should emphasize, however, that this provision is not one which we expect will be needed. It has been included as a further measure of protection for the provinces.

[Translation]

To summarize, Mr. Speaker, this Bill shows the determination of this Government to act in an enlightened, reasonable and fair manner in spite of our present difficult financial position.

[English]

The Bill is responsible because it will, along with more stringent measures being undertaken to control federal expenditures, make a significant contribution to ensuring a strong and lasting period of economic renewal in Canada. It will also help to safeguard the federal Government's ability to continue providing vital services like health care and post-secondary education to Canadians in the many years ahead. The Bill is reasonable because it provides increases in federal contributions to provincial health and post-secondary education programs which are large, and it is the best we can afford. Over \$90 billion in support over the next five years and average annual gross of about 5 per cent are figures of which we can be proud. The Bill is fair because all provinces are treated equally. Total EPF transfers to all provinces will grow in the years ahead. No province will be affected any more or any less than any other province through this Bill.

[Translation]

Throughout the long period of consultation with the provinces, we have done everything possible to give them the opportunity to adjust to the budgetary imperatives of the Federal Government and to take their concerns into consideration.

[English]

I said at the outset of my remarks that this Bill originated with the comprehensive strategy for economic renewal laid out in the agenda which the Government presented in November, 1984 and reinforced in the recent February Budget.

Through this Bill we are implementing an important part of that strategy. We are providing a financial contribution to provinces which is sustainable in current financial terms. It is also an increase which reflects the strong importance the Government attaches to providing health care and post-secondary education services. Together with direct federal funding of these areas, it provides ample evidence of this Government's desire to help provide Canadians with the services they want and need.

However, there is also another part of the over-all strategy. This will take a little more time. In November, 1984, we pointed out that the need to contain costs and reduce deficits is a concern shared by both the federal and provincial Governments. The pressures on scarce financial resources are strong at both levels. We are each constrained in our ability to devote large amounts of new money to programs, even important ones like health care and post-secondary education.

[Translation]

More co-operation is needed between the Federal Government and the provinces. We must determine how to use existing financial resources as efficiently as possible and find new ways to finance these sectors while taking into account our present budgetary position.

[English]

These are important considerations, especially in the vital areas of health and post-secondary education. I am pleased to say that the Minister of National Health and Welfare (Mr. Epp) has begun such discussions with his provincial colleagues. The Secretary of State (Mr. Bouchard) is also looking forward to discussing co-operation in the post-secondary education area with his counterparts.

• (1540)

In short, Mr. Speaker, there is a need to explore further how the federal and provincial Governments can work more effectively and efficiently together. We want to get on with this once the basic parameters of our financial contribution to provincial programs are in place. I, therefore, hope that all Members of the House will give this Bill their careful consideration and support.

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, I would like to say that I am pleased