

Government Orders

Alberta, British Columbia and Ontario, caps that reduced quite significantly the expected revenue of these provinces from federal transfers for welfare payments. This has been a big problem in the case of Ontario.

This seems to be happening without an overall plan and now we are asked to implement additional projected cuts. Once again we do not know where this is going. In fact, we have various committees studying these things at the moment.

I am concerned about the lack of restructuring of the program, the lack of overall financial direction, just these arbitrary reductions. What is interesting is they are done really on the basis on which the Liberal Party often criticizes us, saying we are slash and burn, we have no plan and we just cut the dollars. In fact, this is precisely what this bill does. It lays out some areas for reduction to a significant social program and provides absolutely no rationalization why that would be done or plan to implement it.

Just to give some idea of the money involved, Canada assistance plan payments have been a rapidly growing area of government expenditure. In the last 10 years they have grown from \$3.4 billion in 1984 to approximately \$7.7 billion in fiscal 1993-94. They are projected to grow by another 5.4 per cent this year. Obviously we can agree with the fact that there does need to be some reduction.

The social assistance case load in this period has grown from about 750,000 in March 1980 up to 1.6 million today. I would point out once again to hon. members that the period of massive deficits, structural deficits, ongoing deficits and accumulation of debt has not been a period in which we have produced jobs in economic growth but one in which we have restricted and stifled it. I once again would ask the government to re-examine its view of the link between financial mismanagement at the federal level and job creation.

The ministers often assert that there is a positive link between deficits and job creation. I think the evidence is increasingly otherwise. There are projected savings from the reforms here of \$466 million up to 1995-96. These are significant amounts of money. However, once again I suggest that we do not know the direction and we are concerned about further penalization of particular provinces as we had in the past as opposed to something that may treat all provinces much more fairly.

• (1300)

Clause 13 of the bill is the changes regarding the Public Utilities Income Tax Transfer Act. What this really does is preserve the current 10 per cent reduction of transfers under that act for an additional period of time.

Just to inform the House, the Public Utilities Income Tax Transfer Act exists because in some parts of the country,

particularly Alberta but not exclusively, utility companies are private sector whereas generally speaking they are public sector utilities. As a consequence the operations of these corporations are subject to taxation whereas crown corporations are not taxed in the same manner. This has given rise to an inequity that is compensated for by the Public Utilities Income Tax Transfer Act which transfers back to the provinces some of the corporate income tax revenues that are taken out of certain provinces because they are private sector companies but not out of other provinces.

The purpose of this program has been to create a level playing field in other words. This is obviously undone when we begin to freeze or reduce these kinds of payments.

By the way this goes back to 1948. We recognized this inequity a long time ago. From 1966 on we refunded to the provinces virtually all, about 95 per cent, of the moneys that were collected from private utility companies back to the provincial governments. It was only in 1990 that we began to effectively freeze these payments. It had been done in the past but was reversed. However, in 1990 we started the pattern of freezing payments at fixed levels and of reducing the percentage that will be returned to provincial governments. In our view that is not fair.

It has a particularly unfair effect on the province of Alberta which is the major beneficiary. These tax revenues in other provinces are generally retained by the province, but in Alberta the province rebates these tax revenues to the utility companies with the stipulation that they must be passed on to their customers. In other words the purpose here is not to allow the operation of the Income Tax Act to lead to higher utility prices in the province of Alberta.

I suggest that the purpose of the act is fair. The government proposes to continue the present reductions in freezes that the Conservatives implemented. It is certainly no worse than we have at the current time but it is not an issue of equity.

I come back to that time and time again when I speak about transfer payments and how we change transfer payments to the provinces, whether it is through the equalization formula on which we have already had a bill or through cap changes here or through PUITTA changes.

In all cases what we see are programs that proceed without a plan. We either give money with minimal restriction in the case of equalization or cap it in the CAP or in the case of PUITTA. We have no particular rationalization for these things. The common theme seems to be that certain provinces, of which mine is one, seem to always come out at the short end of these non-systematic changes and revisions to policies that transfer money to provincial governments.