

Established Programs Financing

secondary education so that payments may be made by the Secretary of State, and to hospital insurance and medical care so that payments can be made by the Minister of National Health and Welfare. The allocation of the cash among the three programs is made on the basis of the ratios that prevailed in the base year of 1975-76. Thus, approximately one-third of the total cash transfer today is allocated to education. This is a portion that has been allocated since the arrangements came into effect in 1977.

The essential purpose of the Bill before us today is to apply a different growth factor to the education transfer for 1983 and for 1984. In order to apply a different escalator to the post-secondary and education entitlement, it is necessary to distinguish the total entitlement for education from the total entitlement for health. This in turn requires that the tax transfer also be divided between the two elements.

Therefore, after the passage of this Bill, the education transfer to each province will be determined as follows. First, the *per caput* federal transfers in respect of education and the two health programs in the base year 1975, the same base year, will be separated.

Second, the escalator used in the past will apply only to the health component. The conventional escalator will also be applied to the education component in all years except 1983 and 1984 when instead the growth rates of 6 per cent and 5 per cent will apply.

Third, the *per caput* entitlement of each province will then be multiplied by its population to determine its current total entitlement.

Fourth, the equalized tax transfer to each province will be split between the education and health components, again on the basis of the ratios that prevailed in the base year 1975.

Fifth, the cash payments will be determined by deducting the equalized tax transfer applicable to each of the education and health components. The cash payments will be made just as they are now. Accordingly, it will be obvious that federal contributions in respect of health will not be affected by the changes.

Members may also recall that the Minister of Finance (Mr. Lalonde) was able to advise his provincial counterparts in early December that transfers for education and health would be some \$769 million higher in 1983-84 than had been expected. That major gain arose from increases made by Statistics Canada to what are called historical GNP data, increases in the estimates of our growth in recent years. I want to take this opportunity to assure Hon. Members that the application of six and five to the education element will not reduce this gain since it was calculated to include the provisions of this Bill now before us.

Finally, let me point out that these changes will not result in any diminution of the federal commitment to Canadian youth through the many federal programs of assistance to students and young people. In addition to the many ways that the federal Government directly assists Canadian students—through the Canada Student Loans Program, research grants,

scholarships and special tax deductions and exemptions—the Speech from the Throne announced the establishment of the \$1 billion Youth Opportunity Fund. This fund will also assist students in finding employment during summer months as well as easing the transition into the work force when their schooling, which is so substantially supported by the federal Government, will have been completed.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, it was a rather humorous effort that was made by the Minister of State for Finance (Mr. MacLaren). He did not say anything about the need for education or education funding; he talked only about six and five. Back in the summer of 1982 this program went into effect. It was supposed to control an inflation rate of over 12 per cent at that time. We now have inflation of 4.5 per cent and the Government introduces this Bill. It is supposed to concern inflation but it has nothing to do with inflation at all. This is a tax and transfer of funds to the provinces in accordance with an arrangement made over many years with respect to the division of cash taken from the public of Canada for various programs.

• (1230)

These particular programs, health care and education, are within the provincial sphere. To wind up saying somehow, somewhere along the line, in order to solve an inflation problem you can go ahead and rip apart an agreement without any justification whatsoever, and then rip apart that agreement a year and a half after you start your alleged six and five program to solve an inflation problem you already declare has been solved, is such balderdash to come from a Minister that the Minister himself should resign for even saying it.

Miss MacDonald: It is dishonest.

Mr. Blenkarn: It is literally unbelievable that this Government should bring this kind of justification to this Bill. My friend from New Westminster-Coquitlam said the Minister just read what he was given.

Some Hon. Members: Oh, oh!

Mr. Blenkarn: The Minister says he shortened it a little. How can this House support a piece of legislation justified by a Minister of the Crown on the basis that the Minister just reads what he is given, shortens it a little, does not understand it and gives no justification for it?

The Minister speaks of a Youth Opportunity Fund. The Youth Opportunity Fund is supposed to have a billion dollars somewhere. Yet this Bill cuts off from the transfer for education \$260 million in cash in the year 1984-85.

Miss MacDonald: And \$120 million this year.

Mr. Blenkarn: I hear my colleague from Kingston and the Islands saying "and \$120 million this year". This cannot be allowed to stand, Mr. Speaker. The Minister and the Government should apologize for even producing such drivel and should come forth with either a better explanation for the